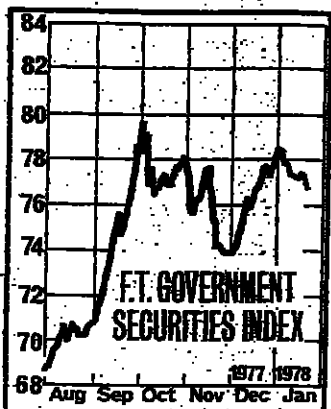


NEWS SUMMARY

ERAL
British: EC anger at U.K. policy
BUSINESS
Long gilts fall 1½ Wall St. up 7

● GILTS were affected by market nervousness ahead of tomorrow's money supply figures. Longs were down by as much as 1½ points and the Government Securities Index closed 0.74 down at 76.74.



● EQUITY interest remained low, apart from more speculative shares, following new bid announcements. The FT ordinary index closed 1.2 down at 470.3.

● STERLING lost 45 points against the dollar to \$2.24, its trade-weighted index falling to 65.8 (65.9). The dollar's depreciation narrowed to 4.56 per cent. (4.79).

● GOLD fell \$2 to \$172.

● WALL STREET was 7.28 up at 779.02.

● EEC member governments have agreed a 7-point proposal for the GATT trade negotiations, but have not named a figure for industrial tariff cuts. Back Page

● OIL PLATFORM contracts worth well over £500m are expected to be placed by the U.K. offshore industry this year. Page 6

● ELECTRICAL contract workers have been urged by their union to take industrial action if necessary to force implementation of a pay deal vetoed by the Department of Employment. Page 11

● YORKSHIRE pit stop

● EIGHT MINERS at a Yorkshire colliery halted production after a protest strike at the amount of incentive payment they will receive. Less than 24 hours after Yorkshire miners had voted in favour of productivity schemes. Back Page

● BANK OF SPAIN has had to mount a rescue operation for Banco de Navarra, one of Spain's smaller banks. Page 20

● DISCOUNT CONTROLS on bread will not be reimposed, Prices Secretary has told bakers' unions and employers. Page 9

● ALLIED BREWERIES beer division chairman, Dr. Bernard Kilkeny, has left the group after a Boardroom dispute. Back Page

● COMET RADIOVISION has made a £12.5m takeover bid for Henry Wigfall, TV and electrical appliance retailers. Page 19 and Lex

● MATSUSHITA ELECTRIC, the world's largest electrical appliance manufacturer, has announced record sales for the year to November 30 and an 18 per cent jump in net profit to ¥48.5bn. Page 21

● PRICE CHANGES YESTERDAY

● FALLS

● RISES

Commons challenge as BSC puts pay ultimatum

Villiers ordered by MPs' committee to give documents

BY PHILIP RAWSTORNE

The Commons Select Committee on Nationalised Industries last night wielded its ultimate sanction against Sir Charles Villiers, chairman of the British Steel Corporation, to force him to disclose financial details of the industry's operations in the past two years.

Asserting its authority, the committee instructed the Commons Serjeant-at-Arms, Colonel Peter Thorne, to serve Sir Charles with an order requiring the provision of the information to explain his refusal.

The order, which will be handed to Sir Charles personally today, also calls on him to appear before the committee to give further evidence.

The financial documents must be handed over to the committee by January 23 at the latest. In a statement last night, Mr. Russell Kerr, Labour MP for Feltham and chairman of the committee, said that Mr. Eric Varley, Secretary for Industry, would also be recalled for further questioning.

Mr. Varley, who earlier this week offered to appear again before the inquiry into the crisis in the steel industry, last night attacked the committee's decision to invoke its rarely used powers of compulsion.

In a caustic aside at a meeting of the Labour back-bench industry group, he remarked that "the Serjeant-at-Arms will be all over the television to-night with his sword and gaiters."

Mr. Villiers, who has been accused of BSC losses which the committee members of the committee of "playing the Tory game."

If Sir Charles were to refuse to comply with the committee's order, he could be called before the bar of the Commons to explain his refusal.

Mr. Kerr said: "Our advice is that a refusal would be a clear contempt of Parliament."

Such a breach of Parliamentary privilege is still punishable by detention in the Commons clock tower, though this power has not been exercised since the war. The most severe penalty inflicted in recent years has been a formal reprimand by the Speaker.

At an earlier hearing of the committee, Mr. Villiers refused to reveal details of plans for reshaping the corporation—short of being sent to the Tower.

The financial details which the committee is demanding are believed to include estimates of BSC losses which the committee

claims were withheld from its inquiry last year.

The committee has put a motion before the Commons asking for the papers to be provided but the Government has so far refused to allow a debate on the issue.

The committee's new move, agreed unanimously by the 15 members, now bypasses the Government's obstruction.

Erskine May, the Parliamentary rule book, says that a committee's authority allows it to summon witnesses "by order signed by the chairman to attend the committee and to bring with them all such documents as they are informed will be required for the use of the committee."

It adds: "If any witness fails to appear when summoned in this manner his conduct is reported to the House which usually orders the offender to attend at its Bar."

Mr. Kerr said: "The committee is anxious to resolve this issue and to produce an authentic report on the situation in the steel industry. This seemed to be the only way to us to do it."

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Jobs warning by supplier Page 9
Parliament, Page 11

able by detention in the Commons clock tower, though this power has not been exercised since the war. The most severe penalty inflicted in recent years has been a formal reprimand by the Speaker.

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Steel union to press for 11%

By Christian Tyler, Labour Editor

THE British Steel Corporation's long drawn-out efforts to win union agreement for substantial labour-shedding came to a head last night.

BSC told the major union, the Iron and Steel Trades Confederation that unless it agrees to early closure of high cost plants—which could mean the loss of about 25,000 jobs—there will be no improvement on its 6 per cent pay offer.

The same ultimatum, apparently a reaction to the financial crisis, is to be delivered to the rest of the unions in resumed pay negotiations over the next weeks. It is the first time BSC has tied redundancy talks directly to pay.

Iron and Steel union negotiators, who are pressing for an 11.5 per cent claim, rejected that condition.

Mr. Bill Sims, union general secretary, is to approach Mr. Eric Varley, Industry Secretary, to challenge the 6 per cent offer, which he believes is Government-instigated.

If that fails, and the next meeting with BSC produces no change, the union's executive will consider whether to withdraw all co-operation or take industrial action.

Some of the unions are insisting that unless the BSC comes up with an offer around the 10 per cent limit they will suspend their agreement to local negotiations on early closures.

Mr. Sims said that BSC's principal demand could only be dealt with by the TUC steel committee. His union was ready to co-operate on the other conditions—increased productivity at viable plants and lower manning on the big low-cost plants.

But that would have to be done through traditional procedures and agreements.

"I don't think it can go on much longer. I would not have been unhappy if it had broken today," Mr. Sims said after the meeting.

The union had exhausted the usual arguments for a pay increase, he said.

At issue are the remaining plants or parts of plants from the Beswick review of 1975, plus an unspecified number of others.

The last to be closed was Hartlepool, and the next in line is East Moors, Cardiff, probably followed by Ebbw Vale.

Early closure of the Beswick plants (repealed for social reasons) alone would cost about 10,000 jobs and would save BSC about £100m, compared with its latest projected loss of £520m.

Continued on Back Page

Fukuda warns against world trade war

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, Jan. 17.

THE WORLD could be faced with the economic and political equivalent of a third world war if the slide into protectionist trading by major nations was not halted, Mr. Takeo Fukuda, Japan's Prime Minister, said today.

Mr. Fukuda, speaking three days after the conclusion of high-level trade talks between Japan and the U.S., said that the present state of international economic relations reminded him of the early 1930s, when Western nations successively introduced protectionist policies and "every-one walked down the road to the second world war."

He told an international audience here he was not suggesting that a resort to protectionist policies would produce exactly the same result in the 1970s that it produced in the 1930s—the advent of nuclear weapons made it unthinkable that any major power would actually declare war. However, a continuation of chaos in the world economy would lead to chaos in the social and political arenas too. "We must stop a repetition of this tragedy at any cost."

Mr. Fukuda warned that continued instability of the U.S. dollar would cause havoc in international trade relations. He claimed however, that the U.S. had committed itself to "wipe out" dollar instability in return for Japan's commitment to reduce its balance of payments surplus.

Stepped up public works expenditure represented Japan's best hope of achieving a 7 per cent growth rate, but he emphasised that this figure was only a policy target and not a promise or commitment by Japan to the rest of the world.

Mr. Fukuda's remarks on domestic economic policy were echoed in another speech by Mr. Toshio Komoto, Minister of International Trade and Industry. He said that the Government would be awarded 70 per cent of public works contracts scheduled for the 1978 fiscal year during the first half of the year, to give the maximum boost to the economy.

He said 1978 would be another "year of the economy" in which Japan would concentrate all its efforts on achieving an ambitious growth target of 7 per cent, with the emphasis entirely on domestic and not export-oriented growth.

Not much was to be hoped for

£ in New York

January 17 Previous

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U.S. rejects Somalia plea for arms

BY JAMES BUXTON

THE U.S. yesterday again rejected Somalia's plea for military assistance. Amid mounting concern about the build-up of Soviet armaments in the State Department said: "We will not contribute to a conflict by pouring gasoline on it."

The U.S. would stick to its position of not supplying arms while fighting between Somalia and Ethiopia persisted.

The State Department added that it had no independent evidence to back the Somali contention that Ethiopia was about to invade its territory, supported by Cuban troops.

Earlier, Somalia claimed that an Ethiopian invasion was "imminent."

In Rome, the Eritrean Popular Liberation Front claimed yesterday that two Soviet destroyers were bombarding its positions near the Red Sea port of Massawa and that Russian-made MIG aircraft were carrying out attacks in Eritrea where guerrillas are fighting

Continued on Back Page

Fisons price rises restricted

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE Price Commission yesterday recommended its first restriction on prices. It ruled that Fisons should trim 5 per cent off the total value of the price increases it had originally proposed.

The company, which in the year to December 1976 had total sales of more than £245m, submitted proposals in September to raise prices of a wide range of agrochemical and horticultural products by a total of £1.92m.

The proposed increases ranged from 1.4 per cent to 43.7 per cent.

After studying the increases against the set of flexible criteria embodied in the price controls, the commission concluded yesterday that the ceiling on horticultural price

should be restricted to 20 per cent.

The recommendation affects only the horticultural products sold to amateur gardeners—relatively small part of Fisons' business.

Within the next fortnight, Mr. Roy Hattersley, the Prices Secretary, will say what action he intends taking. If Fisons decides not to give a voluntary undertaking implementing the commission's recommendations, Mr. Hattersley may make an order giving them effect.

Any such order would, however, be subject to the profit safeguards written into the price controls. Fisons has already been allowed an interim price increase, amounting to 65 per cent.

to be in Somalia.

He added that Somalia wanted to see a holy alliance formed to combat the Soviet alliance of the Soviet Union, Cuba and Ethiopia.

Somalia's appeal to the West for arms was made by President Siad Barre—who called the diplomatic representatives of the U.S., U.K., France, West Germany and Italy to a meeting in Mogadishu on Monday.

Earlier, the Somali Minister of Information claimed that Sr. Raul Castro, the Cuban Minister of Defence, and his Soviet counterpart, Marshal Bimutir Usinov, as well as the commander of the Soviet air force, were in Addis Ababa co-ordinating the impending Ethiopian offensive.

Russia last night denied Somalia's claims.

In London, the Foreign Office made clear that Britain would continue its policy of not supplying Somalia with arms while it is

Continued on Back Page

of the original notification, under the provisions which protect companies against profit erosion.

The company is now free to implement all but 5 per cent of the increase originally proposed. This means that it will probably raise the prices of several products in the next few weeks.

The commission found nothing wrong with the pricing structure of the agrochemical division but objected to the way Fisons was loading its horticultural price rises on the home gardening market in which it already has a third of total sales and which the commission judged to be less price sensitive than the professional market.

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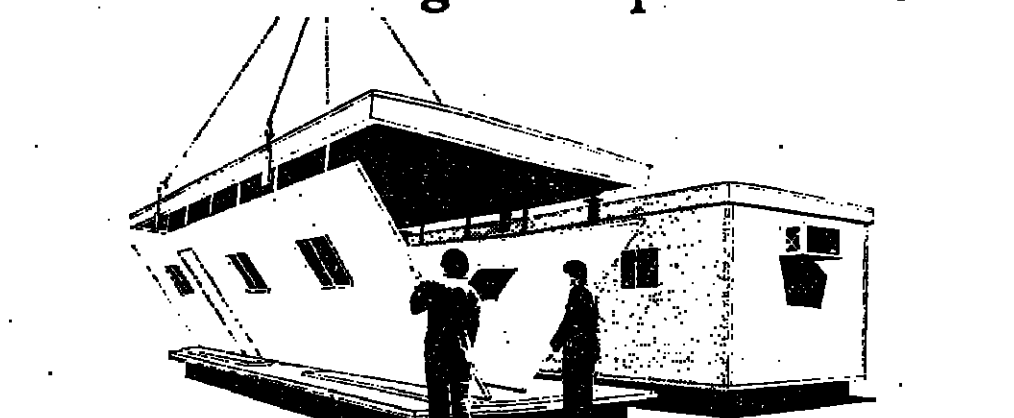
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EUROPEAN NEWS

Chirac condemns Majority's election plans

BY DAVID CURRY

ARIS, Jan. 17.

APPARENTLY UNMOVED by President Giscard d'Estaing's reassurance that there was no plot to undermine the Gaullists during the general election campaign, M. Jacques Chirac, the Gaullist leader, has launched his most biting condemnation yet on the intentions of his coalition allies.

Speaking hours after the President appealed for unity in

UNEMPLOYMENT declined in France for the fourth month in a row in December giving the Government the prospect of going into the March general election having brought the numbers of people without work to below the 1m mark, writes David Curry in Paris.

Meanwhile, the latest Figaro-Sofres poll has shown that the war between the Socialists and Communists occupying virtually the entire energies of the Left, has not altered the voting intentions of the French in the first round.

The Left collects 51 per cent, the Government parties 44 per cent, and the Ecologists 4 per cent, broadly in line with recent polls.

However, the poll shows the Government is now expected to be returned at the election by a decisive majority of those questioned (45 to 25 per cent).

In response to the question "Who in your heart, do you really want to win," the Left comes out only one point ahead of the Majority with 43 per cent of preferences.

The other main finding of the poll is that in the second round run-off, the Communists and Socialists will have difficulty in aggregating their vote even if they agree on a joint candidate to challenge the remaining Government candidate behind whom the Majority votes will be swung.

The poll, by giving the Communists 21 per cent of the vote, leaves them short of the figure M. Georges Marchais, the Communist leader, has said will be necessary before they will agree to joint second round candidates with the Socialists.

The Socialist vote of 28 per cent is also well short of expectations of 35 per cent upwards. The Gaullist score is identical to that of the Communists and a couple of points behind the combined centrist parties.

M. Chirac's onslaught came in a speech at Vierzon. He described the decision of the Communists, Centrists and Radicals to put up single joint candidates in 363 constituencies against the Gaullists as a coalition aimed "exclusively and directly against the Gaullists."

M. Chirac said: "When the enemy approaches, the weak are tempted to help him towards victory in the hope—always vain—of a reconciliation or at least reducing his hostility."

"Certain people in the Majority are ready to let themselves be fooled by M. Mitterrand

Concern grows in Bonn over Poullain

By Adrian Dicks

BONN, Jan. 17.

THE DEEPENING political row in Düsseldorf over what has become known as the Poullain affair is now causing serious concern at high levels in Bonn.

The standing and financial health of the Westdeutsche Landesbank Girozentrale (West LB), from which Herr Ludwig Poullain abruptly resigned as chairman just before Christmas, are not at issue.

What concerns members of the Bonn coalition of Social Democrats (SPD) and Free Democrats (FDP) is that the handling of the case by the North Rhine-Westphalia State authorities, which share control of West LB with the local savings bank organisations, has been so inept as to risk serious damage politically when the voters in the state go to the polls next year.

Top figures in both the coalition parties are now involving themselves directly with the situation in Düsseldorf, it was learnt here today. The North Rhine-Westphalia Government is also a coalition of the SPD and FDP.

The latest twist in the saga came from the state FDP's deputies today, when they voted for the resignation of Herr Friedrich Halstenberg, the SPD state Finance Minister who has been primarily responsible for the Düsseldorf Government's policy towards Herr Poullain.

While this is now openly a matter for concern in Bonn, it is also being suggested in political circles here that the North Rhine-Westphalia SPD may need to look urgently for a successor to the state Premier, Herr Heinz Kuehn, whose own behaviour in the Poullain affair has brought heavy criticism against him.

Two more members of the Christian Democratic Party parliamentary group in Bonn were refused entry into East Berlin today by East German border officials, who said they were "undesired at this time," writes Leslie Collett. One member of the allied Christian Social Union was told by an East German border officer that the series of barrages was a result of the "illegal meeting" of the Bundestag group in West Berlin.

Jenkins presses for monetary union

BY RUPERT CORNWELL

MONETARY UNION offers not only weak currency countries, but strong currency ones as well, their best if not only chance of achieving the elusive economic goal of strong growth coupled with low inflation.

This was the main argument advanced here today by Mr. Roy Jenkins, the European Commission president, as he stepped up the campaign to convince the Nine of his case for a fresh and early impetus to plans for economic and monetary union.

His speech to the European Parliament, just a month after the surprisingly kindly reception given to the new initiative by the Council of Ministers, set out the pressing economic as well as political, reasons for speedy action.

The initial reaction of MPs today was favourable, though tinged with scepticism and—in the case of some Socialists—doubts that the scheme was the right way of tackling the immediate problem of unemployment.

Significantly, Mr. Jenkins was strongly supported in a separate statement by M. Francois-Xavier Ortoli, the Commission vice-president, who several months ago was not concealing his doubts about the timeliness of reviving the monetary union issue.

Mr. Jenkins argued that traditional postwar remedies of pumping extra purchasing power into the economy to cut unemployment, were no longer worked. In the present state of the Community, individual Finance Ministers

felt themselves in a trap. "If those from weaker countries could survive an exchange rate crisis and those from stronger ones knew that demand would continue to be strong elsewhere in the EEC, then each would feel better able to do what he knew was right in the longer term."

As matters stood, member countries with suspect currencies did not dare expand demand or increase their budget deficits for fear of provoking a sharp drop in the exchange rate, increasing the danger of higher inflation coupled with damage to business confidence. But Governments with strong economies, and heavily dependent on exports, would hesitate before taking stimulatory measures, on the

LUXEMBOURG, Jan. 17.

grounds that the effect on internal employment might be scant, while that on prices would be rapid and harmful.

Commission officials are hoping at best for the first concrete steps along the lines of the Jenkins plan within a year or so. In his speech to the Parliament he referred plainly to the transfer of power from member governments to Brussels that monetary union implied.

Although he dismissed as "misconceived" the notion that the programme involved the creation of a federal Europe, Mr. Jenkins said that "what we are proposing would be a radical institutional change, with a central Community body exercising overall control of exchange rate and money supply policies."

Support for aerospace proposals

By Our Own Correspondent

LUXEMBOURG, Jan. 17.

THE EUROPEAN Parliament today endorsed proposals from the Brussels Commission to reinforce the European aerospace industry, centred on the allocation of 38.7m. European units of account (£24m.) for research into helicopter and airframe development.

The debate threw up a marked division of opinion between Viscount Etienne Davignon, the Commissioner for Industry, and the bulk of MPs present, who saw the small sum as proof of the lack of sincerity behind the official plea for a co-ordinated European aerospace effort.

Viscount Davignon dismissed charges that the allocation was marginal and would have no real impact.

EEC poll may be in mid-1979

BY GUY DE JONQUERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Jan. 17.

THE FIRST direct elections to the European Parliament are unlikely to be held until May or June next year, Dr. David Owen, the British Foreign Secretary, indicated after discussions with other EEC foreign ministers here today.

He said that it had now been agreed that EEC heads of Government would fix a precise date at their European Council meeting in Copenhagen early next April. Their decision would be based on recommendations to be drawn up in consultation between the Nine beforehand.

Dr. Owen forecast that the direct elections legislation in the U.K. would be on the statute book before the current Parliamentary session ends next July. About 18 weeks would then be needed for the boundaries commission to draw up the 81 new Euro-constituencies.

Though Dr. Owen did not

apparently make a specific reference to a May-June 1979 date in discussion with his colleagues, he did tell them for the first time that Britain would definitely not be ready to take part in direct elections this year.

So far, only Denmark and Ireland have approved all the necessary measures, and in Belgium, Germany and the U.K. progress has been slowed by political controversy.

The French and Luxembourg ministers appeared surprised to learn at today's meeting that the existing European Parliament was going ahead with plans to lease a new building in Brussels with a view to sitting the future directly-elected assembly there.

The current parliament, which sits alternately in Strasbourg and Luxembourg, has already been told by foreign ministers that they reserve the right to decide on a future site, but

appears to have ignored this warning.

The site question is highly sensitive because neither of the current host countries is ready to surrender its claim. France opened a new building in Strasbourg a year ago and Luxembourg announced several months ago that it had commissioned architectural plans for a new structure, which are now at an advanced stage.

The way was opened today for a resumption of the Common Market's stalled trade negotiations with Cyprus, when EEC Foreign Ministers agreed to offer the island a more generous deal for its agricultural exports.

The Ministers also approved a mandate for the Commission to negotiate a new economic and trade agreement with Yugoslavia. It will be considerably broader in scope than the existing agreement, which expires at the end of August.

Uranium enrichment plan

BY CHARLES BATCHELOR

AMSTERDAM, Jan. 17.

HOLLAND has agreed to go ahead with the expansion of its uranium enrichment factory at Capenhurst, Cheshire, can now be increased to 2,000 tonnes a year.

After talks with the Brazilian Foreign Minister, Holland is satisfied that Brazil is ready to store any plutonium it may produce from uranium provided by Ureco, according to Inter-national Atomic Energy Agency (IAEA) statutes. If these statutes are not in effect by the time the deliveries are made, Brazil is ready to store the plutonium on an *ad hoc* basis.

Leone sees party leaders

BY DOMINICK J. COYLE

ROME, Jan. 17.

AS PRESIDENT Giovanni Leone tonight opened formal consultations with elder statesmen and party leaders before naming a new Prime Minister-designate, Communist Party leaders were meeting regional secretaries throughout the country.

The Communist Central committee is due to meet on Thursday next week, and it is unlikely that the party will agree to a new governing formula for Italy until after that meeting.

Sig. Enrico Berlinguer, the Communist general-secretary, will head the Communist Party delegation when, with other party groups, it meets separately with President Leone tomorrow, and the expectation here still remains that Sig. Andreotti will be given a mandate on Thursday to try and form a new administration.

Only in the event of Sig. Andreotti failing in this task, which will involve reaching some accommodation with the Communists short of admitting them directly into a new government, is the president likely to call on another senior Christian Democrat.

Ecevit wins vote of confidence

By David Tonge

ANKARA, Jan. 17.

THREE years of factional right-wing coalitions and governmental uncertainty in Turkey came to an end this afternoon when the 12-day old government of Mr. Bulent Ecevit won the necessary vote of confidence in the Turkish Parliament. The voting was 229 to 218.

The Government had the support of Mr. Ecevit's own Republican People's Party (213 votes), the Republican Alliance Party (two votes), the Democrat Party (one vote) and of 13 independents. All but two of these had resigned from the Justice Party of the last Prime Minister, Mr. Suleyman Demirel.

The gravity of the problems the country faces is such that the Government is continuing to play its cards close to its chest. In foreign policy it has shown its determination to end the long-linking Cyprus issue with the refusal by the U.S. to ratify the four-year Defence Co-operation Agreement signed in March 1976. Mr. Ecevit has insisted on the need for Turkish initiatives over Cyprus and to discuss these at a meeting here to-morrow which is to be attended by the Turkish Cypriot leader, Mr. Rauf Denktash.

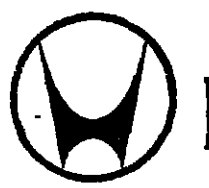
On Friday, Mr. Cyrus Vance, the U.S. Secretary of State, is due here for talks.

In domestic matters the Ecevit Government—reflecting its blending of the "democratic left" programme of Mr. Ecevit with the more conservative approach of his coalition partners—has avoided commitment to pre-election promises, such as that to abolish the Mussolini-style legislation banning the Communist Party of Turkey.

Its determination "to prevent the abuse of lockout" has been attacked by employers but the bulk of its programme and its accession to power has been welcomed by the business community. The main exception is the foreign oil companies, some of whom fear a more radical approach by the present Government.

Foreign bankers in particular are looking forward to more efficient management of the economy. For the first time for months they are discussing whether they might provide Turkey with credit in the absence of an agreement with the International Monetary Fund (IMF) but given guarantees of "sensible management."

This announcement appears as a matter of record only, December 1977.



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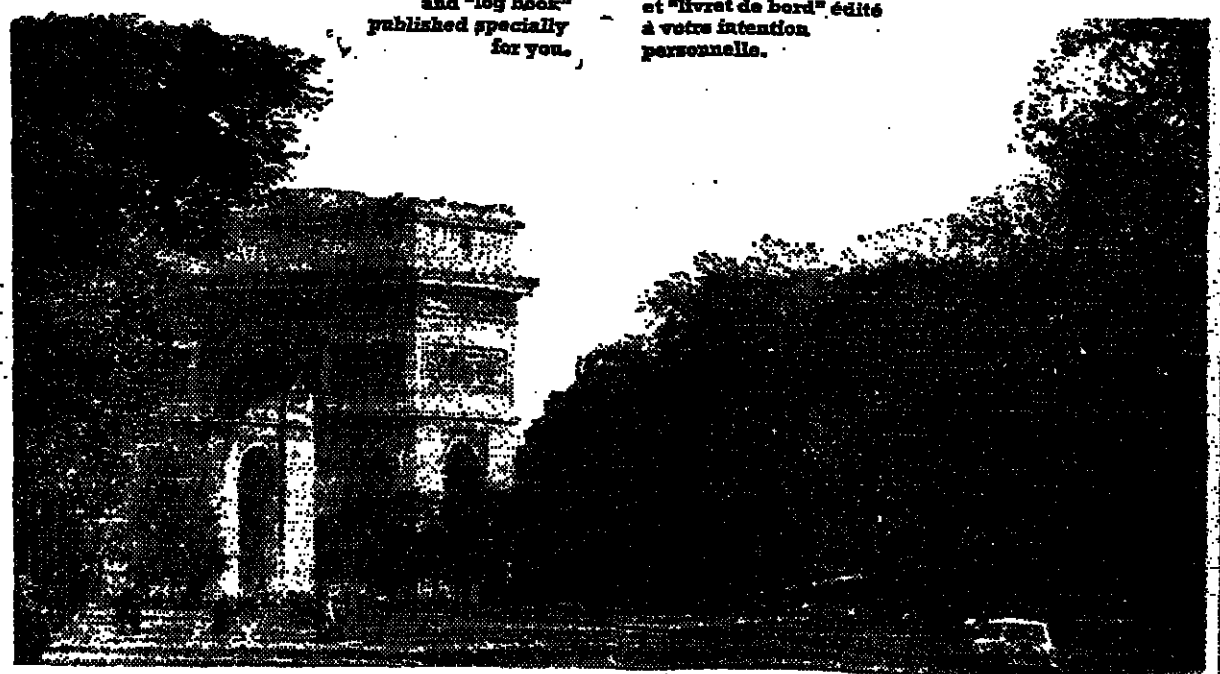
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y Paul Lendvai

Western, neutral and non-aligned participants pressed for adoption of confidence-building measures in the military field, which would include tighter rules about the notification of military manoeuvres and troop movements.

LISBON Jan 17.

ONLY 24 hours to go before he must tell President Soares that he is able to form a Government, Sr. Maria Soares, the caretaker Prime Minister, is making an agreement with the Christian Democratic Party, and in a minute turn, coming to terms with the Communist Party. It appears that leading Socialists are unhappy at the prospect of a Government formed of Socialists, Independent Left-wingers, technocrats and Christian Democrats, which excludes a separate pact with the communists. They have urged Sr. Soares to find some common ground with the Socialists, the mainstays of Portuguese labour. Thus, the tortuous route towards a new administration has taken another sharp turning. The end of last week it appeared that negotiations between the Socialists and communists were proceeding satisfactorily, because the Christian Democrats (who are likely to hold three ministries and five sub-secretariats in the new administration) were not happy about the socialists making any concessions to the Left. Meanwhile, the Social Democrats who ran back to the bargaining table on Sunday, have been coldshouldered both by the Socialists and it is believed, the

BY DAVID BUCHAN

BRUSSELS. Jan. 17.

ELGIUM's ruling coalition led by Prime Minister Leo Tindemans, early to-day reached an agreement on a wide-ranging devaluation programme aimed at returning the country into a monetary state by the mid-1980s. The talks also resulted in a new agreement on and off over once it was formed last June and the devaluation plan will now be presented to the current session of Parliament.

Opposition from inside the coalition, which accounts for half, over two-thirds of the 112 seats in the 210-member House of Representatives, from the Volksraad party which had objected to concessions made to the French-speaking majority in and around Brussels, and also from the Brussels-based French-speaking FDP (Liberal Party) which had criticised the plan, had not impeded the completion of the devaluation plan.

Meanwhile, the threat of a strike in Belgium's petrol refining sector called for to-day was avoided when the unions, which were demanding a reduction in the working week, decided yesterday to settle for a promise that the 40-hour week would be reduced to 38 hours in 1978.

Belgium's economy also warned to-day that they must mend their high spending ways. Budget Minister Mark Eyskens said that although this year's budget figures would probably have to be revised upwards, the Government should consider putting a moratorium on public spending.

He said Belgium could not continue to run the B.Fr.170bn. B.Fr.150bn. current account deficits that it had chalked up in 1975-77. The continued position of the Belgian franc in the European joint currency snake depended on an improvement in public finances and a cut in inflation "down to the German level."

Holland's new centre-right government plans to give the industrial employers a greater say in the spending of "excess profits" at the expense of the unions, Charles Batchelor writes from Amsterdam.

The share of "excess profits" going to the individual worker will be raised while the share going into a largely union-administered fund will be cut, Mr. Andries van Agt, the Prime Minister, said. He did not say how much would go to the worker under earlier plans. 70 per cent. would go to the collective fund and 30 per cent. to the individual.

Greeks reject pay rise
Greek labour unions have turned down a 15 per cent. increase in minimum wages in 1978 offered by the Federation of Greek Industries, our Athens correspondent reports. The counter-offer was made to a 25 per cent. rise demanded by labour unions and which would raise minimum daily wages for unskilled workers in Greece to 370 drachmas (£5.69) from the present 295 drachmas (£4.53).

Spanish tax move

All bank accounts and safe deposits in Spain yesterday became liable for official inspection as part of a government crackdown on tax evasion, Reuter reports. In the first stage of a promised tax reform, the Government also announced details of new wealth and surtaxes and revised income-tax rates.

Swiss VAT scheme

The Swiss Federal Council and the country's four coalition parties have agreed on the desirability of introducing a value-added tax at a rate of 8 per cent, as a means of countering the federal deficit, John Wicks writes from Zurich.

Banker pulls out

The former Dutch Finance Minister Dr. Wim Duisenberg has withdrawn his candidature for the post of managing director of the International Monetary Fund (IMF), Charles Batchelor writes from Amsterdam. Dr. Duisenberg's decision leaves the way open for the only other candidate, M. Jacques de Larosiere, director of the French Treasury. Present managing director, Dr. Johannes Witteveen, who is also a Dutchman, is stepping down to make more time for his family.

BY IHSAN HIJAZI.

SAUDI ARABIA was reported today to have offered to provide the U.S. with all the oil it needs on condition it finds a just solution for the Palestinian problem.

According to the Middle East Reporter, an English-language newsletter, the offer was made by King Khaled and Crown Prince Fahd to President Carter when he visited Riyadh at the beginning of this month.

The Saudis also offered to "buy" the West Bank and the Gaza Strip from the Israelis if need be for the Palestinians.

to set up their independent state, the publication quoted informed travellers from Riyadh as saying.

President Carter visited the oil-rich kingdom as part of his eight-nation tour. A sharp disagreement developed between him and the Saudi leaders over U.S. support to the plan by Prime Minister Menachem Begin of Israel's plan for self-rule in the West Bank and the Gaza Strip, in the informants

Saudi leaders resented Carter's attempts to persuade them to express their open

support for President Sadat's peace initiative," the travellers said, and added that King Khaled was opposed to Sadat outright, but Crown Prince Fahd took a moderate stand, warning against pushing the Egyptian President into concluding a bilateral agreement with the Israelis.

Despite the disagreement, Saudi officials, according to the informants, told President Carter that Saudi Arabia is prepared to raise its oil production "to any level that is feasible" provided a "just solution is found for the

BEIRUT, Jan. 17.

Palestinian problem.
The Sandis were reported to have insisted on total Israeli withdrawal from Arab territory occupied in 1967 and the establishment of a Palestinian

Saudi leaders were quoted as telling Mr. Carter that they were prepared to "pay as much as it is required to establish a homeland for the Palestinians, even if this means means buying the West Bank and the Gaza Strip from the Israelis."

Other Middle East and Overseas news, Page 4

PRESIDENT HOUARI BOUMEDIENNE

A central role in Arab diplomacy

BY OUR FOREIGN STAFF

PRESIDENT HOUARI Boumedienne of Algeria has re-emerged as a central actor in the convoluted Arab diplomatic game in the wake of President Anwar Sadat's initiative for peace in the Middle East.

Mr. Boumedienne in December travelled to Tripoli to lend weight to the Arab "rejectionists" and has since been touring a number of Arab States, primarily Syria and Iraq, in an attempt to mediate in their long-standing feud and to consolidate Arab opposition to the current talks between Egypt and Israel.

The last time Mr. Boumediene was prominent in the Arab-Israeli conflict was in the aftermath of the 1973 war, when in November of that year he

chaired an important Arab summit meeting in Algiers, took part in the Arab oil boycott and was considered a sufficiently important Arab leader to be consulted a number of times by Dr. Henry Kissinger, the then U.S. Secretary of State, in the course of his shuttle diplomacy. Subsequently, Mr. Boumedienne has played a subdued role until his emergence as a mediator in the "gulf" crisis.

tionist front" following Mr. Sadat's initiative. But Algerian policy has not changed. As a leader of a regime glorifying its own revolutionary past and a successful liberation war behind him, Mr. Boumedienne expresses unconditional and sincere support for the Palestinian resistance. During the period since 1963 when the PLO has been split over the question of a compromise settlement in Israel, he has received numerous Palestinian leaders in Algiers but has not committed himself to support one faction or another.

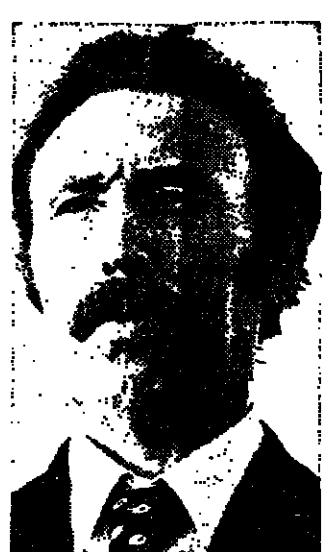
With the PLÖ now more or less reunited by its opposition

Mr. Sadat's initiative, Mr. Mubarak's predictable, but ill-fated, decision to be lined up with the guerrillas and his subsequent going out of his way to attempt to weld the rejectionist forces into a solid unit. Partly for geographical reasons, and partly because Algeria had no open rift with either Egypt (as Libya did) or with Iraq and Syria. Mubarak's decision to ally himself with Saoudienne has helped to isolate to mediate between the PLO, Damascus and Baghdad. Algeria's revolutionary credentials, and the genuine fear that the PLO might be abandoned apart, Mr. Mubarak's Saoudienne has tried to remind the Arab world and the superpowers that the only common factor between them is their common reckoning with the vital politics of the region at a vital time in Arab history.

But this radicalism is liable to be modified at any time by this pragmatic approach to decision-making. This stems from the PLO's situation in international relations. As regards the PLO, this means that Algeria will give that movement the support in whatever form it may wish to ask for. At present this puts it on the divide of those hostile to Mr. Badat's visit to Jerusalem and subsequent initiatives. But if a change of attitude occurs, the PLO were to improve its relations with Egypt or even to participate in negotiations with Israel, Algeria would probably change its attitude.

Mr. Boumediene has also made himself into a radical leader in the Arab, African and Third worlds as a whole. The

roadening of Algeria's foreign policy outside the Arab world. Algeria emerged to become—its persons of Mr. Boumedienne and Mr. Abdel-Aziz Bouteflika are more flamboyant Foreign Minister—a major actor in the



President Boumedienne

international arena. As chairman of the non-aligned group from 1973 until 1976, Algeria championed the demands of the Third World for a New International Economic Order. The phase of diplomacy which ended with the virtual failure in May 1978 of the Conference on the International Economic Co-operation in Paris. Equally significant, this regime initiated the summit of oil-producers which aligned Algeria with producers with other developing nations in the North-South dialogue.

Boumedienne . is typically Algerian in his determination, secretiveness and single-minded dedication to the task of building Algeria into a powerful modern state. Although Government officials and politicians regularly come in for popular criticism for graft and corrup-

* One of Europe's first automated bank cashier positions - the PTS 6000 at the Svenska Handelsbanken.

Europe's largest electronics company—Philips—is now the world's leading manufacturer of financial terminal systems: PTS 6000 terminal equipment has been ordered for some 20,000 teller positions since 1971. The reasons for this achievement can be summarised in two words: size and service.

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Launched only recently in the UK, the PTS 6000 system has achieved notable success since January 1977, with twenty orders to date from banks and local authorities all over the country, while special versions of PTS equipment have been manufactured to UK customers' specific requirements. The PTS 6000 is rapidly proving itself to be the preferred system for counter terminals in the UK, as it is elsewhere in the world. For further details you are invited to talk to Philips about your data processing requirements — ring the Special Accounts Manager, Bruce Anderson, at Philips Data Systems, 0206 5115. You'll find that Philips' people talk your language.

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THE BORDER WAR IN SOUTH EAST ASIA

BY RICHARD NATIONS

extremely competent, successful Mr. Robert Del Tufo, was to What appears to have happened is that the traditional requirements of patronage and the insistence on merit have been mixed.

But it may not be enough for the Administration to fix unquestionably able lawyers to take Mr. Marton's place. Mr. has already promised that the matter what the investigation into the hospital case must be allowed to continue and that considerable pressure that Marton, who initiated it, it through to the end. It is the objective of the problems for the Democratic machine in Philadelphia as the Democratic Congressmen Pennsylvania.

This is not an easy proposition for the Administration to take since, although no love lost between Mayor and President Carter, it is true that Mr. Rizzo and Democratic establishment have the right to Mr. Carter sufficient numbers to enable them to elect the state in the Presidential election. On

is still a powerful force in Washington in spite of Mr. Carter's promise to impose new standards. But, after all, much of Mr. Carter's first year has been spent in trying to come to terms with the way things are done here and the leverage that Congress has. Ellberg apparently sought to bring the matter directly to the President's attention in classical *modus operandi* hindsight. Mr. Carter might have wished that he had hung up the telephone or told the lady man to go and consult a lawyer but not Mr. Marston.

BY JOHN WYLES

to foreign purchasers will be worth about \$2bn. more in the current fiscal year than in the previous one.

This would appear to contradict the Carter Administration's intention of reducing the national trade in arms.

However, the global picture is somewhat misleading. It reveals the fact that arms to those countries destined to come under the ceilings on that the Administration is evolving will be reduced about half this year.

Excluded from this ceiling are NATO, Japan, Australia, New Zealand and, although formal announcement has been made, Israel.

The projected figures for arms sales are included in Pentagon's budget estimates. The calculate total transfers in fiscal 1977 at \$13.2bn. up from about \$7.5 last year.

Last year about \$10bn. of sales to those countries would fall under the new ceiling while the projection for this year would be transfers worth to about \$8bn.

There is nonetheless an internal Administration debate on about arms sales. The New York Times to-day reports, for example, that the Central Intelligence Agency was considering publishing a new study which concludes that Russian arms already rival those of the U.S.

gn begins

BY KENNETH RANDALL

transfer of power—there is another unknown. The Indian population will form the first time in the history of the parties, and candidates will be spending greater energy poisoning the air in the Andean towns and rural communities.

Duly elected

Six years of income from exports would have transferred Ecuador regardless of its government, and the military regarded this as the biggest achievement—it probably be the successful culmination of their plan for reformation of constitutional government—but only the handover to civilian administration. But also laying the basis for longer-term stable political development. Though unions and political parties have denounced political arrests and the destruction of striking sugar workers' evidence of growing repression, the condition of human rights in Ecuador is among the best in

DISPUTE OVER PHILADELPHIA PROSECUTOR

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

extremely competent successor. Mr. Robert Del Tufo, was for what appears to have happened is that the traditional requirement of patronage and the insistence on merit have been mixed.

But it may not be enough for the Administration to find unquestionably able lawyers to take Mr. Marton's place. Mr. Bush has already promised that, no matter what the investigation into the hospital case must be allowed to continue and that considerable pressure that Mr. Marton, who initiated it, is that it through to the end irrespective of the problems of the machine in Philadelphia and Democratic Congresses in Pennsylvania.

This is not an easy political decision for the Administration to take since, although there is no love lost between Mayor Rizzo and President Carter, it remains true that Mr. Rizzo and the Democratic establishment delivered the state to Mr. Carter sufficient numbers to enable him to win the state in the Presidential Election. On

This is year's mayoral vote.

There is an element of it in the argument that what Marston case has demonstrated to date is that neither party is going to be a very useful force in Washington. It is an epitome of Mr. Carter's promise to impose new standards.

But, after all, much of Carter's first year has been spent in trying to come to terms with the way things are done here and the leverage that Congress has. Ellberg apparently sought to bring the matter to a head by making a very direct, classical *modus operandi*.

In hindsight, Mr. Carter might have wished that he had hung up his telephone or told the Congressman to go and consult a lawyer, but not Mr. Marston.

By John Wyles
NEW YORK, Jan. 17.

Geisel visit Mexico-Bra

BY ALAN RIDING

THE STATE visit here of President Ernesto Geisel of Brazil is to have much

THE STATE visit

Brasilia, but was given an official warm welcome.

Sr. Lopez has adopted more pragmatic foreign policies, however, patching up Mexico's ties with Washington (Vice President Walter Mondale will be here this week-end) and trying to establish a less aggressive relationship with Brazil. To strengthen the relationship, Struck up here this week, Sr. Lopez will probably visit Brazil later this year.

Sue Branford writes from Sao Paulo: Despite the recent speed-up in prospecting and drilling, oil production in Brazil fell by 3.5 per cent. last year, dropping to its lowest level since 1968. Oil production was 9.7m. cubic metres as compared with 10m. cu. mtr. in 1976.

In view of these disappointing results, Petrobras, the state-owned oil company, is studying about 20 emergency

By Our Own Correspondent
WASHINGTON, Jan. 1

The Defence Department estimated that U.S. arms sales to foreign purchasers will worth about \$20n. more in current fiscal year than in previous years.

This would appear to conflict the Carter Administration's intention of reducing the international traffic in arms.

However, the global figures somewhat misleadingly conceal the fact that arms sales to those countries destined to come under the ceilings on sales that the Administration is evolving will be reduced about \$1bn. a year.

Excluded from the ceiling are NATO, Japan, Australia, New Zealand and, although formal announcement has been made, Israel.

The projected figures for arms sales are included in Budget 1977.

transfers in fiscal 1973 \$13.2bn., up from about \$11.5bn. last year.

Last year about \$10bn. went in sales to those countries which would fall under the new ceiling, while the projection for this year is that such transfers would total about \$9bn.

There is nonetheless an international Administration debate going on about arms sales. The New York Times to-day reported, for example, that the Central Intelligence

This study, it is said, is based on new material but on a new way of calculating the value of such Soviet exports.

The U.S. position, as outlined by President Carter, is that it is incumbent on the U.S. to retain the lead in curbing international arms sales because it is the biggest merchant.

The Presidential campaign begins

man, and Sr. Abdon Calder is to run for a Guayaquil-based right-wing grouping. While regionalism still an important factor, an astute ticket for President and Vice-President would be a Quite-Guayaquil combination.

If illiterates are allowed to vote in July—and under the constitution they will enjoy the right to Congress after transfer of power—there will be another unknown. The fate of the illiterate is a

first time he was elected by political parties, and candidates will have to spend greater energy campaigning in the Andean mountains and rural coastlands.

Duly elected

Six years of income from exports would have transformed Ecuador regardless of its government, and the military regime's biggest achievement will probably be the successful culmination of their plan for returning constitutional government.

But the handover to a democratically elected civilian administration will only be a basis

Happily for Ecuador's democratic future, there were fewer

longer-term stable political development. Though unions and political parties have denounced political arrests and the death of striking sugar workers, evidence of growing repression and the condition of human rights in Ecuador is among the best in the continent.

European group bids \$2bn for Canadian air order

BY LYNTON McLAIN, INDUSTRIAL STAFF

GLO-GERMAN-Italian consortium of 130 to 150 multi-role Tornados to win a \$2bn. aircraft order from Canada since 1972. The order from Canada was an urgent need to replace its ageing fighter aircraft by 1980. Last September, the Canadian Government issued a massive questionnaire, in the form of a "request for proposals" to six aircraft makers. Panavia, on behalf of British Aerospace, Messerschmitt-Bölkow-Blohm of West Germany and Aeritalia of Italy, has now analysed "highly competitive" proposals to win the order.

These are based on a three-part strategy covering the military requirements, commercial factors and the industrial needs of Canada, said Mr. Jeffrey Quill, the marketing director of Panavia. Canada wants a plane to replace the CF101 Voodoo in the air defence of the country. The replacement must also meet Canadian needs in Europe for a strike plane, now the CF104 Starfighter and the CF5.

India insists on buy-back

BY K. K. SHARMA

NEW DELHI, Jan. 17.

INDIAN Government's decision to buy the Jaguar fighter from Britain will depend on the manufacturers willingness to abolish plants here to build a substantial portion of the aircraft components and to buy back a large part of the output from these plants. The Government will insist on buy-back stipulation to ensure that India obtains the quality and latest technology. This is considered to be more important than obtaining rights to manufacture fighters in India. The three fighters from which the Indian Government

will make its final choice—the British-French Jaguar, the French Mirage and the Swedish Viggen—are expected here this month for discussions. Only after the "buy back" and licensing arrangements are accepted will negotiations on price and other terms be taken up. The final agreement will be worth many millions of pounds while even the initial orders will be for about 40 aircraft. Mr. James Callaghan, Britain's Prime Minister made a strong plea for the Jaguar during his recent talks here. He pointed out that orders for the aircraft would help to reduce the trade surplus that India has with Britain.

Saudi commission agents hit

By Anthony McDermott

JEDDAH, Jan. 17.

THE SAUDI Government has issued a decree to tighten the conditions of operations between foreign contractors and local agents. An unofficial text of the decision, taken by the Council of Ministers last Sunday evening, was published in the Jeddah daily, Al-Medina, today.

The 13-part decree is a follow-up to measures taken last year to prevent companies submitting inflated tender bids. While the aim then was to penalise foreign contractors, this latest decree is clearly aimed at local Saudi Agents, whose often enormous commissions were some of the many reasons for companies quoting inflated prices.

Thus clause eight stipulates that fees paid to a local agent who must be a Saudi should not exceed 5 per cent of the contract. The new rules apply to all contracts between foreign companies and the Saudi Government, but agents are not to be employed in arms deals or government-to-government contracts. Foreign contractors may employ more than one local agent but Saudis may not work for more than ten foreign contractors. A Saudi agent is not to be permitted to act as both a partner to a foreign company and as a consultant on the same contract. Disputes are to be settled in court with the foreigner running the risk of his operations here being ended and the Saudi losing his agents licence.

Obstacles to Brazil's plan to cut steel bill

BY SUE BRANFORD

SAO PAULO, Jan. 17.

THE BRAZILIAN Government is planning to halve its steel import bill this year to just under \$200m., according to the Council for Steel and Non-Ferrous Metals ("Consider"). This will be mainly achieved through a large increase in exports while imports should fall slightly. However, with present conditions on the world steel market, the official plans may encounter serious obstacles.

"Consider" expects exports to leap from \$77m. in 1977 to \$112m. tonnes last year, which is 23 per cent up on 1976. It is hoped that imports will fall from \$48m. to \$46m. If these

targets are reached, Brazil will actually import a smaller volume of steel than it exports for the first time for 11 years. For "Consider" is putting exports at 1.3m. tonnes and imports at 1.1m. tonnes. The continuing deficit in terms of value is explained by the much lower value per tonne of Brazil's exports, which mainly consist of ordinary, non-flat rolled steel.

Brazil is now the world's eighth largest steel manufacturer, with a total output of 11.2m. tonnes last year, which was 23 per cent up on 1976. Because of a slowdown in industrial production of coking

ambitious expansion targets, drawn up in 1976 under the third stage of the National Steel Plan, have been drastically scaled down. At that time, it was planned for Brazil to increase fourfold its steel output to 40m. tonnes by 1985. Even then, this target was thought by many observers to be highly unrealistic. At the end of last year, after a savage budget cut, the 1980 target was brought down from 20m. to 15.8m. tonnes.

Brazil has also postponed its plans for a rapid increase in domestic production of coking coal for the steel mills.

Taiwan textiles protest

Financial Times Reporter

THE BRITISH Importers Confederation has protested strongly to the EEC Commission about the commission's reported intention to impose "severe restrictions on imports of textile goods from Taiwan in the next five years."

In a letter to Mr. W. Haferkamp, commission vice-president, Mr. Tom Harrison, BIC chairman, says that it also appears that the restrictions, "in respect of certain classes of merchandise," are much greater than those negotiated with other developing countries.

"On behalf of BIC," Mr. Harrison adds, "I wish to register the strongest possible protest at this discrimination against the one textile exporting state that was not in a position to negotiate with the commission. Taiwan," he said, "was one of the most important trading nations in the Far East."

"By adopting its present protectionist attitude the EEC is undermining this relationship and depriving the European consumer of the right to purchase the wide range of reasonably priced, good-quality products that are available from Taiwan."

Mr. Harrison concludes: "It is to be hoped that you will arrange for the quota levels for Taiwan, as compared with other exporting states, to be re-examined and for the existing anomalies to be removed."

Major U.K. stockist backs EEC

BY PETER CARTWRIGHT

STEEL stockholders are rallying round the European Economic Community plan to limit cheap imports from subsidised producers to protect domestic industries like machine tools Corporation from collapse, even though stockholders are not directly affected.

One of the biggest stockists in investment and export industries like machine tools and engineering, has pledged more confidence of price stability during 1978 within the

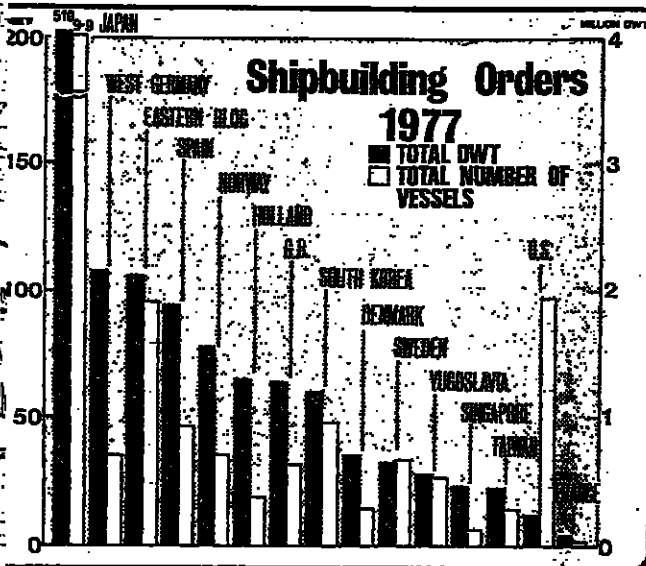
Mr. Ted Tunnadine, chief executive of Glyndwed Distribution, which claims 15 per cent of the stockists' market for bright drawn bar, said yesterday that if the company went in for importing it would immediately trigger off a major import problem. It had no intention of doing that even though British steel prices were higher than those of other European producers.

Compared with four price rises last year, there was now more confidence of price stability during 1978 within the

context of 10 per cent inflation. Main items under attack by the Community are flat rolled products. The U.K. recently banned imports of Russian hot rolled coil which had seriously undermined British Steel's operations in South Wales.

The plan makes it an offence punishable by heavy fines for not observing guideline prices putting them above cut-throat competition.

Roy Hodson writes: British Steel has won a \$4.5m. steel order from the Kenya and Uganda railways for rail track.



Japan's market share of shipbuilding slips

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

PAN'S SHARE of world shipbuilding orders last year slipped to below 50 per cent, according to a report from Fairplay's International Records and Statistics.

This compares with a market share of 56 per cent recorded in 1976. Lloyd's register returns for 1977, although these figures were based on a gross rather than net weight tonnage basis, show Japan's 1977 figures are not comparable with its previous assessments because of the greater comprehensiveness of the data. They show that the Japanese took orders for 510 ships at 9.5m. dwt in 1977. The register is claimed to be complete for cargo vessels over 10 dwt.

In tonnage terms, this gives the Japanese a 47 per cent share of world orders and by vessel numbers, a 38 per cent share. It is a succession of declines for the Japanese industry that has led to price undercutting by other Far Eastern builders. Heavy Government subsidisation of shipbuilding in the West, and the fact that Japanese shipyards have found going increasingly tough. The United Kingdom, which ranked with the fifth largest share of orders in the Lloyd's figures, last year took orders for 64 ships at 624,000 dwt, giving fifth place in terms of tonnage behind Japan. Tonnage led in the U.S. with 178 ships at 1.1m. dwt, and from the USSR 971,000 dwt. South Korea 963,000 dwt, West Germany 717,000 dwt, and from Sweden 662,000 dwt. The U.S.

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Another problem facing truckers was expensive downtime for recalibrating the thermostats in their refrigeration units after every trip or two. So Carrier Transicold had another part of Carrier Corporation, Spectrol Electronics, design solid-state refrigeration controls that never have to come in for recalibration.

The truck and trailer refrigeration market isn't the only area where Carrier Transicold is putting energy-saving ideas to work. For many years, Carrier Transicold has been going to sea with con-

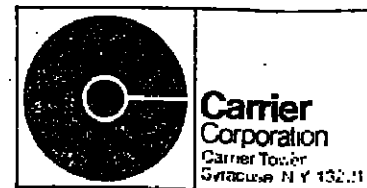


tainer refrigeration equipment, supplying the worldwide needs of shippers. Today, we are the number one maker of container refrigeration equipment.

The way Carrier Transicold moved in and became a power in the transport refrigeration market is an indication of how and why Carrier Corporation is growing. We deal with energy ideas the world can use. Ideas that are at work in oil, gas and petrochemical production; waste handling; refrigeration for nuclear power and industry; electronics; and, of course, the widest range of high-efficiency heating and cooling equipment for residential, com-

mercial and industrial uses. Sixteen separate divisions, operating in 131 countries, serving hundreds of markets.

We've built a strong, growing business by helping to expand the world's supply of energy and helping people to use it more efficiently. So when truckers are looking for lower fuel bills, or the Malaysian Parliament is in the market for air conditioning, we're there with just what they need.



CARRIER CORPORATION. ENERGY IDEAS AT WORK.

Outbacks in Norway urged

BY FAY GJESTER

OSLO, Jan. 16.

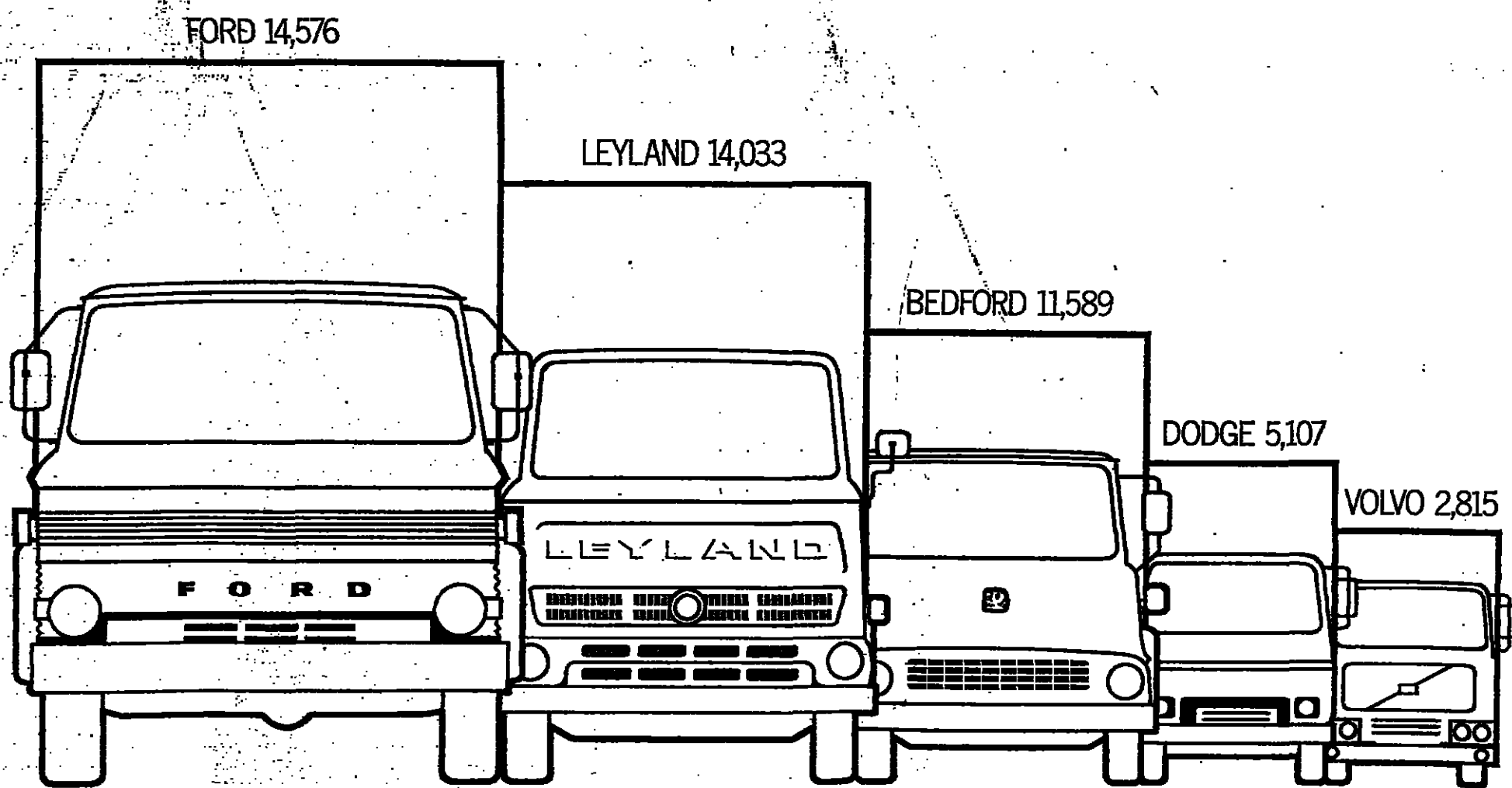
NOYAL Commission appointed to study over-capacity problems in Norway's shipbuilding industry has recommended a 30 per cent reduction of about 30,000 jobs. It believes the total cost of the cuts would be about 1,000 million kroner, and the present level of 140,000. A minority of the Commission recommended a more drastic reduction to 8,000. The Commission, which includes representatives of the industry, unions and exporters, has no mandate to recommend where the cuts Norway.

Rail spending to expand

BY OUR TRANSPORT CORRESPONDENT

THE WORLD'S railways are freight wagons, 1,850 passenger trains to spend more than \$8.5bn. on improvements and motives. Major line construction is being carried out in Portugal, Argentina, India, Malawi, within the industry. Uruguay, Cameroon, Swaziland, International Railway Journeymen's Union of America, Peru, and the latest survey of the way capital expenditure. Brazil. The biggest spending railways this year will be SNCF of France and the Paris Metro, with a combined budget of \$1.8m., and South Africa with \$1.2m. In 1977, although the report also says that budgets provide for the purchase of over 16,000 budgeted to spend \$569,000.

IT'S NICE TO KNOW EVERYONE'S BEHIND US.



NEW HEAVY COMMERCIAL VEHICLE REGISTRATIONS 1977.

The SMMT figures for 1977 have just come through and Ford have taken the number one spot as Britain's leading truck manufacturer.

Not just in the medium sector, where we've always done well, but in the heavy sector too, where the competition is fiercer.

Why is it that we've done so well? Is it that we make the best trucks?

We like to think that we do, but there's a lot more to it than that.

There's another reason why more people bought trucks last year. And that's Ford's back up service, without a doubt the most efficient and comprehensive there is.

There are 140 Truck Specialist Dealers. All highly organised, highly experienced, well equipped and all holding

a massive stock of spare parts.

There's FOCAS. An operating cost analysis system to help out the economy minded transport firm.

There's a vast European dealer network so that help is never far away on a transcontinental run.

And finally, because we recognise that a truck is an enormous investment, there's Ford's own financing system to help you buy it.

Right across the board from the smallest of vans to the maximum gross vehicles, people agree that Ford have the most to offer.

And we're doing our best to make sure that the people who are behind us stay there for a long time.



FORD TRUCKS

Johannesburg Consolidated Investment Group

(All companies mentioned are incorporated in the Republic of South Africa)

MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31ST DECEMBER, 1977 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Western Areas

Western Areas Gold Mining Company Limited
Issued Capital: R40 306 950
(Divided into 40 306 950 units of stock of R1 each)

OPERATING RESULTS

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Ore milled — tons	1 018 000	1 000 000	3 579 000
Gold produced — kilograms	5 878	6 003	21 475
Yield — grams per ton	5.8	6.0	6.0
Total revenue — per ton milled	R28.42	R28.84	R28.55
Working cost — per ton milled	R21.08	R20.50	R21.62
Operating profit — per ton milled	R7.40	R8.34	R6.93

FINANCIAL RESULTS (R000's)

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Revenue from gold	R28 536	R28 454	R88 782
Working cost	R21 290	R20 204	77 880
Working profit	7 246	8 250	11 302
Sundry revenue	251	164	3 780
Operating profit	7 497	8 414	15 132
Net interest receivable	138	165	545
Profit before taxation	7 635	8 579	15 680
Taxation	399	240	1 584
Profit	R7 236	R8 339	R14 096
Capital expenditure	R3 853	R1 834	R7 169
Loan levy	R287	R250	R812
Dividends declared	R3 321	Nil	R3 321

DEVELOPMENT

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Advanced — metres	30 898	10 139	34 540
Sampled — metres	1 086	1 461	4 800
Channel width — centimetres	170	168	188
Average value — grams per ton	7.4	6.7	7.5
— centimetre grams per ton	1 258	1 125	1 250

SAMPLING RESULTS: INDIVIDUAL REEFS

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Sampled — metres	1 086	1 461	4 800
Channel width — centimetres	170	168	188
Value — grams per ton	7.4	6.7	7.5
— centimetre grams per ton	1 258	1 125	1 250

The values shown in the tabulation are the actual results of sampling development work on reef. No allowance has been made for modifications which may be necessary when computing ore reserves.

ORE RESERVES AS AT 31st DECEMBER:

	1977	1976
Tons	7 546 000	8 073 000
Width — centimetres	186	181
Value — grams per ton	8.6	8.6
— centimetre grams per ton	1 800	1 856

The current ore reserves are related to a pay limit calculated on the basis of a gold price of R4 500 per kilogram (1976 — R3 635 per kilogram).

DEVELOPMENT TO S.V. 3 SHAFT

The delays due to the intersection of and the consequent sealing off of water bearing fissures in this development were reduced during the quarter and an advance of 67 metres was achieved. Progress in all ends now totals 1 363 metres.

Indications are that development is now entering a drier area.

ELEVEN-SHIFT FORTNIGHT

The adverse effect on production of the seasonal decline in the availability of Black labour was partially offset by drawing 50 000 tons of ore from the surface stockpile and the continued voluntary working on the "twelfth" shift. The necessity for working this overtime shift once again resulted in increased labour costs.

EXPLORATION

Exploratory drilling from underground to ascertain the potential of the Middle Elsburg Reef continued during the quarter.

Reef	Borehole	Channel Width — centimetres	Gold — g/t	Average Value — cm.kg/t	Uranium — cm.kg/t
UEIA	36 Inher Level	100	0.6	60.0	0.19
ES E/C	No. 2	125	9.2	1 160.0	1.05
UEIA	36 Inher Level	190	Trace	0.30	57.00
ES E/C	No. 3	100	Trace	0.30	30.00
ES	175	1.9	322.5	0.50	87.50
UEIA	48 Level	135	Trace	0.17	22.95
ES E/C	No. 2	123	Trace	0.57	70.11
UEIA	55 Level	123	Trace	0.57	70.11
ES E/C	No. 2	180	Trace	0.59	84.40

DIVIDENDS

Dividend No. 25 of 7 cents per unit of stock was declared on 1st December, 1977 payable to members registered at the close of business on Thursday, 14th December, 1977.

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R23 000 with other capital expenditure during the quarter amounting to R517 000, bringing the total net expenditure on capital account at 31st December, 1977 to R540 000. At 31st December, 1977 there were capital commitments amounting to R831 000.

For and on behalf of the board,
P. A. VON WIELLIGH Directors
F. J. L. WELLS

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Issued Capital: R10 827 105
(Divided into 5 413 555 shares of R2 each)

OPERATING RESULTS

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Ore milled — tons	310 000	267 000	1 129 000
Gold produced — kilograms	4 523	4 455	17 430
Yield — grams per ton	14.6	16.5	15.5
Total revenue — per ton milled	R20.30	R20.54	R20.59
Working cost — per ton milled	R22.61	R21.09	R21.37
Operating profit — per ton milled	R17.89	R19.45	R19.22

FINANCIAL RESULTS (R000's)

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Revenue from gold	R21 678	R17 274	R70 967
Working cost	7 059	6 265	24 014
Working profit	14 619	11 009	46 953
Tribute revenue	56	7	64
Net sundry revenue	122	136	498
Operating profit	14 877	11 152	47 455
Net interest receivable (payable)	(172)	300	850
Profit	R14 678	R11 452	R48 295
Capital expenditure	R32 231	R33 855	R108 151
Dividends declared	R10 277	—	R10 277

Note:
A provision for taxation is not required as the Company has an estimated loss for tax purposes.

DEVELOPMENT

A total of 7 436 metres was advanced during the quarter (5 713 metres) bringing the total advanced for the year to 21 163 metres.

SAMPLING RESULTS: UEIA REEF

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Sampled — metres	1 250	1 014	4 247
Channel width — centimetres	136	132	139
Gold	12.6	17.2	15.5
Av. value — grams per ton	1 714	2 370	2 155
— centimetre grams per ton	0.278	0.260	0.285
Uranium	37.81	34.42	35.84

AREA RESULTS: UEIA REEF

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Sampled — metres	1 250	1 014	4 247
Channel width — centimetres	136	132	139
Gold	12.6	17.2	15.5
Av. value — grams per ton	1 714	2 370	2 155
— centimetre grams per ton	0.278	0.260	0.285
Uranium	37.81	34.42	35.84

Notes:
1. Cooke No. 1 shaft development was mainly concentrated on the eastern side in an effort to explore the limits of the pay zone, which probably accounts for some of the reduction in the development value.
2. In addition to the above, development at the Cooke No. 2 shaft on the E2 reef gave the following results:

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Sampled — metres	111	111	111
Channel width — centimetres	211	175	175
Gold	1.36	2.79	4.88
Av. value — grams per ton	287	488	488
— centimetre grams per ton	0.031	0.200	0.200
Uranium	38.19	35.00	35.00

3. The values shown in the above tabulations are the actual results of sampling development work on reef. No allowance has been made for modifications which may be necessary when computing ore reserves.

ORE RESERVES AS AT 31st DECEMBER:

The current ore reserves are related to a pay limit calculated on the basis of a gold price of R4 500 per kilogram (1976 — R3 635 per kilogram) and certain assumptions as to uranium price.

COOKE NO. 1 SHAFT

	1977	1976
Tons	1 646 000	1 554 000
Width — centimetres	171	188
Gold	14.7	21.3
Av. value — grams per ton	2 314	3 385
— centimetre grams per ton	0.135	0.135
Uranium	23.09	21.73

The 1976 ore reserve calculations do not take account of any contribution to revenue from uranium.

COOKE NO. 2 SHAFT

	1977	1976
Tons	1 027 000	1 027 000
Width — centimetres	173	173
Gold	9.1	9.1
Av. value — grams per ton	1 574	1 574
— centimetre grams per ton	0.253	0.253
Uranium	44.12	44.12

No ore reserves were available at Cooke No. 2 shaft as at 31st December, 1976.

RANDFONTEIN — S.D. 32 SHAFT

	1977	1976
Tons	361 000	361 000
Width — centimetres	70	70
Gold	2.6	2.6
Av. value — grams per ton	182	182
— centimetre grams per ton	0.008	0.008
Uranium	42.56	42.56

No ore reserves were calculated at S.D. 32 shaft as at 31st December, 1976. The current calculations only reflect blocks above 16 levels as levels below this were under water at the time of calculation.

Randfontein Estates continued

COOKE SECTION

Construction work on the new integrated gold and uranium recovery plant is on schedule. The revision of the permanent headframe at Cooke No. 2 ventilation shaft has been completed and this shaft system is now fully commissioned. The build-up of stoping operations is ahead of schedule and a further 103 000 tons of broken ore are surplus to the capacity of the Millite plants, were stockpiled at the Cooke plant during the quarter.

RANDFONTEIN SECTION

De-watering operations are ahead of schedule and 18 levels has been exposed. Stoping and mining operations are on schedule and a further 81 000 tons of broken ore are surplus to the capacity of the Millite plants, were stockpiled at the Cooke plant during the quarter. The Millite uranium plant was commissioned during the quarter and uranium production and sales have commenced. Production availability did not match that of the gold section due to various mechanical problems associated with the start-up of the new plant. These problems which were mainly associated with corrosion protection are being overcome. The intermittent operation of the uranium plant and the discrepancy between tonnages treated in the gold and uranium plants has caused operational problems in the gold plant. As a result, although this plant operated at full capacity, the recovery of gold was affected and residue values were significantly higher than normal. Certain changes have been made to the process to ensure that losses to tailings in future will remain consistent with normal operating practice. The higher residue passed to the Millite plant will be recovered in due course when the Millite plant commences re-treating tailings dams once the Cooke plant is fully operational.

DIVIDENDS

Dividend No. 85 of 200 cents per share was declared on 1st December, 1977 payable to members registered at the close of business on Thursday, 15th December, 1977.

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R25 241 000 bringing the total net capital expenditure at 31st December, 1977 to R222 488 000. This total includes expenditure at Cooke Section amounting to R174 065 000. At 31st December, 1977 there were capital commitments amounting to R9 000 000.

For and on behalf of the board,
B. A. SMITH
F. J. L. WELLS Directors

Elsburg

Elsburg Gold Mining Company Limited
Issued Capital: R30 333 000
(Divided into 30 333 000 units of stock of R1 each)

RESULTS FOR THE QUARTER ENDED 31.12.77

Stockholders are advised to study the operational results published by Western Areas Gold Mining Company Limited.

DIVIDENDS DECLARED (R000's)

	Quarter ended 31.12.77	30.9.77	Year ended 31.12.77
Dividends	1 374	1 374	5 563

For and on behalf of the board,
P. A. VON WIELLIGH Directors
F. J. L. WELLS

Otiase

Otiase Mining Company (Proprietary) Limited
Issued Capital: R2 783 463
(Divided into 5 768 452 shares of R1 each)

OPERATING RESULTS

	Quarter ended 31.12.77	30.9.77	Six months ended 31.12.77
Ore milled — tons	193 000	212 000	405 000
Production (Based on mine assays):			
Copper in concentrates — tons	3 421	3 288	7 010
Gold in concentrates — tons	18 568	18 538	35 107
Working cost — per ton milled	R15.39	R15.39	R15.79
Development advanced — metres	877	1 351	2 268
Blister copper produced — tons	3 018	3 042	6 015
Blister copper shipped and sold — tons	2 565	4 250	7 225

FINANCIAL RESULTS (R000's)

	Quarter ended 31.12.77	30.9.77	Six months ended 31.12.77
Operating loss	Dr. 208	Dr. 1 351	Dr. 1 494
Adjustment of stock values	1 285	2 743	4 028
Less Sundry revenue	11	9	30
Net operating loss	R1 274	R12 734	R4 008

Notes:
1. Revenue is subject to adjustment on final determination of proceeds from sales.
2. Copper stocks are valued at estimated net realisable value.

SUSPENSION OF OPERATIONS

Following a complete review of the company's position in the light of the continuing depressed price of copper and the resulting drain on the company's financial resources, it was decided to suspend operations and place the mine on care and maintenance with effect from 1st January, 1978. The plant and underground workings will be fully maintained in a condition which will enable operations to be resumed when circumstances permit.

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R465 000.

For and on behalf of the board,
H. DALTON-BROWN
R. B. SUTHERLAND Directors

17th January, 1978

Johannesburg Consolidated Investment Company, Limited
Consolidated Building, Fox and Harrison Streets,
Johannesburg 200
P.O. Box 590, Johannesburg 2000

Copies of the above reports are obtainable from the London Secretaries:

Barnato Brothers Limited,
99 Bishopsgate, London EC2M 3XE.

APPOINTMENTS

International Recruitment Specialists
for the Commodity Markets



Managing Director Metals

A Trading Company operating in the field of soft commodities and metals requires a MANAGING DIRECTOR with the emphasis of background and expertise in non-ferrous metals trading, the L.M.E. and Comex.

The person appointed will have had management responsibility for the performance of a trading activity and will also have had substantial client contact. He/she may have had experience on the metals desk at a senior level as an Account Executive in a Commission House, as an Executive with a Ring Dealing or Non-Ring Member of the London Metal Exchange, or elsewhere in a senior metals trading function.

He/she will be responsible for controlling and motivating the trading team. The challenge will be to develop fully the potential of a first class company with world wide producer and customer connections.

The envisaged age range is 35-45 and the successful candidate will receive a substantial basic salary negotiable with participation in the results of the performance of the company. A car and substantial benefits will be provided.

In the first instance please contact Graham Stewart of Commodity Appointments Limited who will supply further relevant information and will arrange interviews in complete confidence.

Egmont House 116 Shaftesbury Avenue London W1
Tel 01-439-1701

COMPANY NOTICES

CORRECTED ADVICE BEARER DEPOSITARY RECEIPTS

Representing preferred stock of
BAXTER/TRAVENTOL
International Capital Corporation

1st Series convertible preferred stock

A distribution of Dollar 0.22 per depositary share, less any applicable taxes depending on the depositor's country of residence, will be payable on and after January 23, 1978 upon presentation of coupon no. 12 at the Office of any of the following depositaries:
MORGAN GUARANTY TRUST CO. OF NEW YORK
NEW YORK, 15, Broad Street (ADR Section)
BRUSSELS, 35, Avenue des Arts
LONDON, 33, Lombard Street
PARIS, 14, Place Vendôme
FRANKFURT, Deutscher Bank Landstrasse
BANK VON WILHELM S.P.A. Via Armadori, 14, Milano
BANK MEES & HOPE N.V., Herengracht 49, Amsterdam
KREDIETBANK S.A., 37, rue Neoe-Dame, Luxembourg
Previous announcement of payment of Dollar 0.075 per share is to be considered as null and void.

SWISS BANK CORPORATION

At an Extraordinary General Meeting of shareholders held in Basle on the 10th January, 1978, it was decided to increase the capital of the Bank by the issue of 650,000 new shares of 100 Swiss francs each, bringing the total number of shares to 2,350,000. The new shares will be issued in the proportion of one new share for each ten shares held on the 1st January, 1978. The new shares and participation certificates will rank for dividends from the 1st January, 1978. Subscriptions rights can be exercised at any of the offices of the Bank against payment of a fee of 10 Swiss francs. Participation certificates, which are subject to the same conditions as the shares, will be issued to subscribers on the 1st February, 1978. Subscriptions lists will be open from 15th January, 1978, until noon on the 1st February, 1978. Subscriptions should be made by 15th January, 1978.

DISCOUNT BANK INVESTMENT CORPORATION LIMITED

HOME NEWS

British Steel supplier gives jobs warning

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE BRITISH Steel Corporation's financial plight is being made a tangible reality by its suppliers. Wellman major customer, the British Steel Corporation, has given unions a warning at 181 of the 420 employees—43 per cent—might be made redundant.

This coincides with reports at the heavy end of the U.K. steel business is about to be even more competitive cause Herbert Morris has made a know-how agreement with MAN, one of the major German engineering firms, covering heavy cranes and bulk-handling equipment. At Wellman Cranes' Darlaston factory, 90-day notices have been issued, but the company is trying to cut the number of redundancies by making an application for a temporary employment subsidy.

Employees have been told that work has been made to build up export business but the company has been badly affected by the lack of investment by its suppliers. Wellman major customer, the British Steel Corporation, has given unions a warning at 181 of the 420 employees—43 per cent—might be made redundant.

This coincides with reports at the heavy end of the U.K. steel business is about to be even more competitive cause Herbert Morris has made a know-how agreement with MAN, one of the major German engineering firms, covering heavy cranes and bulk-handling equipment. At Wellman Cranes' Darlaston factory, 90-day notices have been issued, but the company is trying to cut the number of redundancies by making an application for a temporary employment subsidy.

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New competition on home loans unlikely

BY MICHAEL BLANDEN

THE BIG banks have looked at the possibilities of entering the home loan market as one of counteracting the growing competition for funds from the cities, but have no plans to take any action in this direction.

Midland Bank said yesterday, for example, that it had thought out the possibility from time to time, while National Westminster said it had looked at the idea though not in the recent past.

The banks are aware that any attempt to move in this direction would raise great problems, and fight run up against official position.

Building societies are non-profit making and effectively mutual organisations, which would therefore not be owned by the bank or pass any profit on. The societies are also subject to strict controls on the use of their funds.

The benefit to any bank which tried to move in this way would therefore probably be limited to the ability to offer a new service to customers, at the same time giving the opportunity to move into the long-term savings market, and perhaps some spreading of existing branch overheads.

Bankers did not think it likely that any moves would be made to enter the building society market. But they are concerned to draw attention to what they regard as the increasingly unfair competition they are experiencing for deposit funds.

This has already been underlined in the evidence submitted by the London clearing banks to the Wilson Committee on the financial institutions.

Bank 'may bring back corset curbs this year'

BY MICHAEL BLANDEN

THE BANK of England may have taken action to restrain bank lending to consumers, including possibly the re-introduction of the so-called corset controls on the banks, during the coming year, it is argued by Phillips andrew, stockbrokers.

In a comment on bank lending, the brokers add that the strength of consumer spending is likely to be the main engine of monetary expansion in 1978. As well as quelling official restrictive measures, they suggest, the pressure of demand is likely to strain an upward trend in short-term interest rates later in the year, although initially the length of the pound could enable rates to fall slightly.

After the publication of the December banking statistics, the bankers say, the growth of sterling money supply on the wider definition looks likely to be close to the top end of the target range of 9 to 13 per cent for the current fiscal year.

Growth of bank lending has been modest, however, and the net impact of public sector financial transactions has been contractionary over the past 12 months. The impact of external currency flows has been the main factor leading to growth in M3.

In the coming year, however, the effect of currency flows could be much less significant. Sterling may be less buoyant and the authorities are likely to be reluctant to return to a policy of intervening to hold the exchange rate down.

The public sector borrowing requirement probably will expand slightly in the 1978-79 financial year. In the Budget, the bankers expect the Government to reduce the economy by about £2.5bn. in tax reductions.

The main expansionary influence on sterling M3, is expected to be an increase in bank lending in sterling.

Proposals to safeguard fringe bank depositors

BY MICHAEL BLANDEN

PROPOSALS to help protect depositors in secondary banks and other deposit-taking companies have been put forward by the Consultative Committee of County Bodies in a special memorandum to the Department of Trade.

The suggestions, designed particularly to provide more information about short-term deposits and advances, are aimed at providing the information which is present in the present post-taking institutions.

The details should provide a basis for considering the information when the Bank of England takes over full responsibility for the supervision of all deposit-taking institutions under proposed new legislation.

Set out in a White Paper in June 1976, it provides for the setting of all deposit-taking institutions apart from recognised banks and a uniform system of supervision.

It is expected that the new laws will be introduced as soon as time is available in Parliament.

The accountancy bodies have reviewed the new regulations on the accounts of deposit-taking companies. The new rules began operating in February last year.

The accountants recommend an extension of the requirements in the accounts of deposit-taking companies covered by the present legislation which are prepared for the department and for depositors.

They suggest that accounts should disclose the amount of deposits repayable within seven days, the amount of loans to the deposit-taking company repayable within seven days, and the amount of loans by the company repayable within the same period.

That would give a clear indication of the short-term position of the company concerned.

Discounts on bread will not be curbed

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MR. ROY HATTERSLEY, the Prices Secretary, told unions and employers from the baking industry yesterday that there was no question of re-imposing discount controls on bread.

The unions saw the Minister to express concern about the impact on the industry of the rising level of trade discounts.

They are worried that the already financially squeezed bakers are giving away money unnecessarily to the big supermarket groups and that this threatens employment in the industry and the standard of service.

The United Road Transport Union, which represents the bread delivery-men, and the Bakers, Food and Allied Workers Union, both want the Government to reintroduce the statutory ceiling on trade discounts, which was abolished a year ago. At that time the delivery men protested against what was said to be a discount by disrupting deliveries.

Feelings in the industry are still running high about the whole question of discounts.

The baking employers say they are unable to do anything about discounts on their own. But Mr. Hattersley made it clear yesterday to both sides that he had no intention of intervening in the market.

Restrictive practices legislation prevented the big baking companies from getting together to agree a ceiling on discounts, it was pointed out.

Smoking tar tax agreed

BY STUART ALEXANDER

THE Government has been given the go-ahead to introduce the so-called "health tax" on higher tar cigarettes from July 1. EEC Ministers agreed to the move late in December by which the present level of taxation can be increased by up to a fifth on all cigarettes delivering more than 20 milligrammes of tar.

This means that some cigarettes classified as middle tar in the U.K. could also be affected, though most of the brands would be plain rather than filter cigarettes. The industry has already agreed to phase out high tar cigarettes by the end of March, 1979.

The directive allowing the supplementary tax runs for 2½ years from July 1 this year.

Although the measure will need Finance Bill legislation, Customs and Excise has been authorised to consult with the tobacco industry "on the machinery of assessment and collection."

Among the cigarettes which would be affected are Player's No. 10, as well as Player's No. 6 plain, Embassy plain and Piccadilly No. 1, which are all classified at present as middle tar brands.

The best-known middle-to-high tar and high tar brands include Gauloises and Gitanes plain, Woodbines, Senior Service and Player's Medium.

Nuclear exporters to discuss stronger safeguards

BY DAVID FISHLOCK

ANOTHER meeting of the once-secret Nuclear Suppliers Group drawn up by the group was being planned for London later this International Atomic Energy year, at which members will attempt to make so-called full-scope safeguards a condition of supply.

Four of its 15 members previously balked at this condition, which would open to international inspection not merely the piece of equipment or the aspect of technological know-how being exported, but the entire nuclear cycle of the recipient nation.

But for three of them it is thought to be just a matter of timing—a desire to avoid any conflict with the major international re-examination of all nuclear fuel technology for more proliferation—resistant paths, launched recently by President Carter.

The fourth, however—understood to be France—may be less readily persuaded that safeguards should automatically apply not only to what it is selling, but also to what other nations may have sold the customer.

The Nuclear Suppliers Group also plans to discuss whether it should be enlarged further, and if so with whom.

It was announced last week that the code of safeguards secret Nuclear Suppliers Group drawn up by the group was being made public through the International Atomic Energy Agency in Vienna.

Guidelines for nuclear exporters, forwarded to the IAEA by the 15 group members, include a "trigger list" of materials, equipment and technological know-how, the export of any item on which is covered by the code of safeguards.

The trigger list—so-called because any suspicion that a nation might be using listed items to make nuclear explosives would automatically trigger diplomatic action—has two important differences from one already published by the IAEA.

One difference is the inclusion of deuterium and heavy water, in quantities exceeding 200 kilograms of deuterium atoms, exported to any one country in a period of 12 months. Heavy water, used as moderator in heavy water types of reactor, such as India possesses, is also used in making H-Bombs.

The other difference is the inclusion of technology transfers relating to the design, construction, operation or maintenance of such nuclear processing plants as uranium enrichment, spent fuel reprocessing, and heavy water refining.

Gormley for trust board

BY ADRIENNE GLEESON

MR. JOE GORMLEY, president of the National Union of Mineworkers, is joining the Board of the British Investment Trust today.

The trust was taken over by the National Coal Board pension funds—the NCB Staff Superannuation Scheme and the Mineworkers' Pension Scheme—in the middle of last month, after a prolonged battle for control.

Although the British Investment Trust is still a publicly quoted company, with only just over 75 per cent. of its equity held by the National Coal Board pension funds, a scheme of arrangement is now being completed which will, if agreed, take out all the minority shareholders and allow BIT's portfolio to be integrated with those of the pension funds.

Mr. James Cowan and Mr. Trevor Thomas are also joining the Board of BIT. Mr. Cowan is director of NCB's Scottish Area, and Mr. Thomas is a member of the Coal Board's mining research and development establishment.

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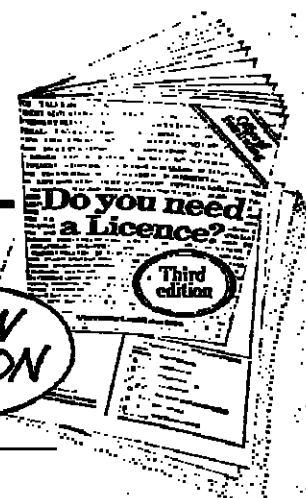
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CONSUMER LOAN

The attention of shareholders is drawn to the fact that the third and final tranche of R5,534.5 million was received from the consumer on the 1st November, 1977. This advance payment is subject to normal Eurodollar based interest rates for the period 1st November 1977 to 1st July 1978, when the tranche will be repaid under the sales agreement. The early receipt of this final tranche was considered advisable by your Board in view of the very rapid progress made in the construction of the Cooke Plant and the advancement of mining plans in order to meet its probable early commissioning.

JOHANNESBURG
17th January, 1978.

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All of these bonds having been sold, this announcement appears as a matter of record only.

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Gibraltar and Spain: back on talking terms

By JOE GARCIA, Gibraltar Correspondent



Sir Joshua Hassan

THE SPANISH decision to allow telephone communications with Gibraltar beyond the now traditional Christmas period augurs well for the future and provides a second indication in the last few months that the Anglo-Spanish deadlock over the Rock's future may be capable of resolution. The first occasion occurred last November when, at an historic first meeting in Strasbourg, Gibraltar leaders joined the British Foreign Secretary, Dr. David Owen, for exploratory talks with the Spanish Foreign Minister, Sr. Marcelino Oreja. Clearly, it was an exercise to enable Gibraltarians and Spaniards to establish a direct dialogue from which has emerged a more precise understanding of each other's points of view.

But if at this first encounter they talked mainly about the past—sometimes in anger—when the protagonists met again early this year, possibly in Strasbourg during the week beginning on January 23, they will have to think about the future. Dr. Owen is pushing ahead with new ideas; Spain, in its new democratic shape, is taking more into account the reality of a Gibraltar community, while Gibraltar itself is beginning to realise that, in a changing world, it cannot remain a colony for ever.

After a dialogue of the deaf for over a decade, it has become clearly discernible that a genuine desire to find an honourable solution is permeating all the parties concerned. Yet, whatever the goodwill, there should be no illusion about the complexity of one of the world's longest-standing territorial disputes, and of the enormous obstacles in the way of finding a formula, acceptable to all, which could lead to a lasting settlement.

Positions became more entrenched as a result of Spanish restrictions in the mid-1960s which included the closure of the frontier and the isolation of the Rock from the Spanish mainland. They severed links of every kind and embittered relations at a local level, while at the same time serving to strengthen Gibraltar's political, economic and cultural ties with Britain. Although the restrictions failed to advance the Spanish claim and are an inheritance from the previous regime, the new Spanish Government is showing signs of wanting to

retain at least the more important ones as an instrument to get Britain to the negotiating table.

While the official Spanish view is that the restrictions will only be removed as progress is made during negotiations, the British side would like them lifted before any substantive talks can take place. Successive British governments have been urging Madrid to use the carrot and not the stick as it is the Gibraltarians who hold the key to their ancient fortress town. Now the Mayor of the Spanish border town of La Línea has openly urged Madrid to keep the telephone links open for good.

La Línea's birth and development can be directly related to the British presence at Gibraltar. Very close family and commercial links were in the past established with the Rock. It is difficult to find anyone in La Línea without family ties with Gibraltar, the Mayor, Sr. Juan Blasco Quintana, says. When the border was totally sealed in 1969, some 80 per cent of the Spanish workers who lost their Gibraltar jobs overnight were from La Línea. It was not until late 1974 that La Línea

However, the closure of the frontier has placed certain constraints on the commercial life of the city particularly affecting tourism-linked trade which used to reap the benefits of volume transit traffic. The subsequent development of Gibraltar as a resort for longer visits has met in recent years with the adverse effects resulting from the economic crisis in Britain whence most of the visitors come. What has provided a stabilising influence has been the reliance on British defence spending, the mainstay of the economy, which together with British development aid in excess of £2m. annually supplies the real basis of economic activity. There is work for more than the local community of 30,000, with the result that Gibraltar still needs to import, mainly from Morocco, about a quarter of its 12,000 labour force.

The Labour Party, now in power, has always been eager to acquire and develop Gibraltar rights, and a newly formed Socialist Party takes the view that even the military base must belong to the Gibraltarians. The Spanish Government is mooting a plan to separate the Gibraltar base from the other two main ingredients in the Rock equation: sovereignty over the place, and the status of the population.

Sovereignty is likely to remain a stumbling block. But there might be common ground for finding a special status for the Gibraltarians, irrespective of who holds sovereignty. At present, it is vested in Britain by virtue of the 1713 Treaty of Utrecht. Ten years ago the British Government allowed the Gibraltarians to express their preference between Britain and Spain in what turned out to be an overwhelmingly pro-British poll.

For the moment, the British and Spanish standpoints seem poles apart but the ice may be melting. At least, Gibraltarians and Spaniards are now able to talk to each other, not only across a table in Strasbourg, but over the telephones as well. And in an effort to promote greater understanding Sir Joshua Hassan is prepared to go to Madrid to tell the Spanish Parliament what the Gibraltarians think. In Gibraltar terms, that was almost as extraordinary as President Sadat's going to Israel.

Adamson Butterley, 200 years in Telford and still growing.



equipment, bridges, mining equipment, and water control equipment. The steady growth in Telford over the years has been particularly strong since 1967 when considerable expansion and investment began. The company—recently renamed Adamson Butterley—now employs the most advanced techniques and a large skilled workforce at Telford to maintain its lead in its various product markets.

Telford Development Corporation can hardly claim to have tempted Adamson Butterley to Telford—but the company's continued expansion and investment in the area underlines Telford's viability as a place to do business successfully.

Joe Matthews, Commercial Director of Adamson Butterley, says "We've plenty of confidence in the future—both in our own business and in Telford. We're well situated, both for the U.K. and our many overseas markets. There's an excellent workforce, and plenty of room for expansion. And people seem to enjoy living in Telford. I'd certainly recommend anyone thinking



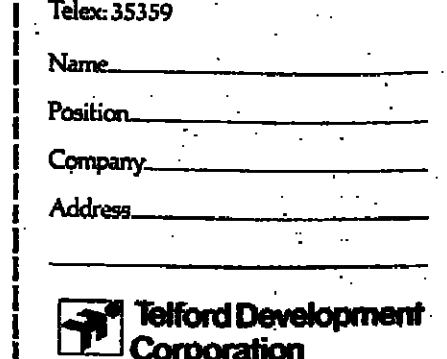
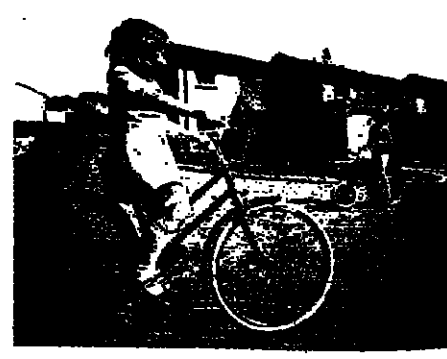
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PARLIAMENT AND POLITICS

ACAS Bill to receive support of Ministers

By Richard Evans, Lobby Editor

THE PRIVATE members' Bill seeks to prevent disputes over union recognition similar to the one at Grunwick, is to receive all Government backing and a fair chance of reaching the Statute Book this session.

The Employment Protection Bill, sponsored by Mr. Edward Heath, Labour MP for Arlington, will be opposed by the Conservatives but it is likely to receive backing from Liberals as well as Labour MPs when it is its second reading in the Commons on Friday.

Mr. Harold Walker, Minister of State, Employment, will then sit a Bill's Standing Committee in order to ensure that its provisions meet the Government's wishes. The measure is top of the list for private members' Bills and will get priority through Parliament.

It is an attempt by Mr. Heath to back the backing of the trade union involved in Grunwick, to prevent a recurrence of the dispute in which Mr. George Ward was able to sue a report by the Advisory, Conciliation and Arbitration Service declared invalid because ACAS had failed to consult all employees involved.

Under the Bill, it would be necessary for ACAS to secure the opinion of a firm's workers by doing all that was reasonably practicable.

But the Confederation of Employee Organisations which opposed Opposition leaders and MPs at Westminster yesterday believes the Bill widens the discretion of ACAS by removing workers belonging to a body not certified as a trade union any remedy in the courts against unfair treatment.

Mr. Paul Nicolson, general secretary of the confederation, pointed out that many staff associations are not certified as trade unions and would be affected adversely by the legislation. He sought support from Mr. James Prior, shadow Employment Secretary, in fighting the Bill.

School meals verdict denied by Minister

A MINISTER denied in the Commons yesterday that the Government had made up its mind to increase school meal charges.

Miss Margaret Jackson, Education Under Secretary, said: "The proposal floated in the newspapers about a further increase for school meals was a purely speculative one based on the fact it is known Government policy to reduce the subsidy. I can assure you no decision has been taken."

Mr. Barbara Castle (Lab., Blackburn) declared: "We would consider it an outrage if there were to be a further increase in school meal charges offsetting any improvements which might be made in the level of family support through child benefit."

The issue was raised by Mr. John Owen (Lab., Gravesend) who demanded an assurance that the Government would work towards the elimination of charges.

Miss Jackson told him she could not give that assurance as it was the intention to work towards reducing the subsidy.

Mr. Gwyneth Roberts (Lab., Cannock) feared the consequences of further increases in school meals would be that the school welfare service, built up over two generations, could be destroyed.

Miss Jackson said there had been a "significant increase" in the number of children taking free meals. But she added: "We are determined to ensure that no system exists which stigmatises children or singles them out."

Noise Bill wins first reading

A BILL AIMED at providing additional local authority assistance to people whose homes are affected by motorway noise was given a formal first reading in the Commons yesterday.

Its sponsor, Mr. Hodgson (C., Walsall N) said that under the Bill, local inhabitants would be eligible for help with noise insulation where the level of noise rose above 65 decibels or the volume of traffic exceeded 61,500 in an 18-hour period.

He added: "Anything this House can do will only be second best because people do not want their houses turned into double glazed, sound-proofed, barricaded fortresses." But the Bill would do something to improve the lot of people who suffered from motorway noise.

Advice planned on discipline

MRS. SHIRLEY WILLIAMS, Education Secretary, said in the Commons yesterday that she hoped to publish advice on improving school discipline.

This would be based on a survey, recently carried out by schools inspectors, of schools with particularly successful records in dealing with truancy and discipline, she added.

It was not possible to divorce the question of discipline from the relationship between schools and parents. Where schools had good relationships with parents, it was much easier to adopt successful codes of discipline.

Callaghan resists Tory challenge on BSC loss

By Ivor Owen, Parliamentary Staff

MEASURED IN terms of cost per tonne, the efficiency of the British Steel Corporation compares favourably with that of steel producers in a number of other countries, the Prime Minister insisted in the Commons yesterday.

But this claim was greeted with scornful laughter from Tory MPs who called on him to take a closer personal interest in the performance of the steel industry in the light of Monday's disclosure that BSC is now estimated to be losing £10m a week.

Pressing the Prime Minister to reconsider his attitude to the industry, Mr. Ian Gow (C., Eastbourne) declared: "It is scandalous that the steel industry should be losing £500m a year and that the action which needs to be taken is being deferred because so many steel mills are in Labour marginal seats."

Mr. Callaghan resisted the Opposition benches that steel companies in France, Italy, Belgium and the U.S. were incurring substantial losses.

In a sharp rejoinder to dismissive comments from Tory backbenchers, he stressed: "What is interesting—and it should be put down to BSC's credit—is that, according to figures I have been given, the loss per tonne by BSC

is lower than the loss per tonne in some of these other countries. That seems to me to be important, because it does show that the steel industry is doing well."

Mr. Callaghan commented that there was a mixed economy of demand for public support for private industry.

The Speaker, Mr. George Thomas, said he would rule to day on a complaint about his own photograph, which appeared in yesterday's issue of the Guardian with the caption: "Mr. Speaker Thomas, helping Mr. Varley."

Mr. Anthony Grant (C., Harrow Central) asked the Speaker to rule whether the matter should be put to the House to be referred to the Committee of Privileges as a possible contempt of the House.

Mr. Grant said: "It is quite wrong for the Press to imply you have fallen from your usual high standards by favouring one side or the other. No one who was present in the House yesterday or read Hansard could possibly take that view."

There were Labour shouts: "Freedom of the Press" as Mr. Grant made his complaint.

Mr. Thomas told MPs: "The House would be very disturbed if the Speaker was partial." He promised a ruling to-day.

EEC research effort criticised by Lords Select Committee

By David Fishlock, Science Editor

A HIGHLY critical report on the £70m research and development programme of the EEC is published to-day by the Lords Select Committee on the European Communities.

Research resources could be better used, the committee says, than they are now. But attempts by the EEC Commission to improve the organisation and administration of the research effort had been largely unproductive.

The peers' report directs its attack chiefly at the politicians of the Council of Europe, rather than the Commission itself, arguing for a research administration, backed by strong political authority.

The Commission, it says, now recognises that it is best to concentrate on work which has a good chance of securing the politicians' approval, regardless of whether that approval

derives from Community ideals or from expediency and national pride.

In 1976-77, Euratom and the EEC sponsored research to the value of about 150m units of account—about £70m—half of which was spent at the Joint Research Centre. The remainder was spent on Community programmes carried out at national research centres.

The £70m represents about 15 per cent of the combined budgets of the Nine allocated to research and development, outside defence. About two-thirds of the money was spent on energy research.

The report finds that the Commission enjoyed greatest success when it tried to co-ordinate research efforts and least success when it tried to "colonise" research programmes.

Of 13 scientific witnesses called before the Select Committee—among them Mr. Roy Gibson, Director of the European Space Agency, and Sir Brian Flowers, president of the European Science Foundation—only one expressed any enthusiasm for present Community thinking on research policy.

Some scientists of international eminence had left the impression that Community research and development was relatively unimportant to them.

The nearest to praise the committee heard was the opinion that staff were doing their best with resources spread too thinly across a wide range of topics.

The committee was not satisfied that the EEC Commission had enough qualified staff to carry out the role it had set itself.

Research and Development in the EEC—Select Committee on the European Communities. House of Lords session 1977-78. Sixth report. House of Commons Paper 37, HMSO £2.50 net.

MPs see risk of different abortion law in Scotland

IT WOULD be ridiculous if women seeking abortions had to cross the border because facilities in England and Scotland were different, an MP maintained in the Commons yesterday.

Miss Jo Richardson (Lab., Barking) said during resumed debate on the Scotland Bill that she was not just discussing an administrative matter. "We are dealing with the criminal law. For the first time, we are realising that we are giving powers which will mean you could have conduct which we regard as criminal in England and Wales not being criminal in Scotland—and vice versa."

Mr. Abse feared a consequence would be abortion clinics on one side of the border or the other as a consequence of a difference in the law.

"There are always people ready to take advantage of the differences in laws to exploit women hesitating about their pregnancies, women in a predicament."

But abortion was only the tip of an iceberg revealed by the debate. What thought had the Government given to the whole question of criminal law developing differently in the two legislatures?

Mr. Edward Taylor, shadow Scottish Secretary, said the issue was not whether one supported abortion or not.

"The issue is whether it is a great shame or a great success that we have different laws on abortion on both sides of the border."

"We could create a rather unsafe and unsavoury traffic in abortion," he warned.

Mr. Maurice Miller (Lab., East Kilbride) said it would be for the Scottish people to decide whether they wanted a more liberal law or not.

Mr. Tam Dalyell (Lab., West Lothian) argued that it would be sensible for Ministers to ask for time to consider the matter and return to the House later with conclusions.

Reaffirming that Government policy of use of the oil revenues would be made known in due course, Mr. Callaghan indicated that one option which should be accorded high priority was support for an energy research programme, and to cover the period when oil ran out.

Pickets charged

POLICE HAVE charged 500 people, including 208 for obstructing the police, in connection with picketing at Grunwick since June 13, 1977, Home Office Under Secretary, Dr. Shirley Summerskill, said in a Commons written reply yesterday.

PM's tour cost

THE PRIME MINISTER'S visit to South Asia and Egypt cost £260,000, Mr. Callaghan said in a Commons written reply. He was accompanied by 21 staff and gave out presents including china, prints and books.

Lord Denning, Master of the Rolls, said he had the gravest misgivings about the Bill. It was based on a European Convention which was five years out of date.

The Bill did nothing to deal with the many countries who now traded through organisations rather than in their own names, said Lord Denning.

In any case, he added, it was very unwise to deal with international law by legislation such as this in one country.

Lord Gardiner, a former Labour Lord Chancellor, criticised the fact that the Bill would only come into force after an order from the Lord Chancellor. It was another example of the transfer of power from Parliament to the executive.

Britain got the worst of both worlds.

The Bill would bring Britain into line with other States who were members of the European Convention on State Immunity.

Opposition spokesman Baroness Elles said the need for some form of legislation had been made evident by the increase in State activities.

It was fair and equitable but there should be some rules making

Big effort for jobs in service industries

By Ivor Owen

MORE EFFORT must be concentrated on providing job opportunities through the service industries, particularly in the realm of small businesses, the Prime Minister told the Commons yesterday when he again acknowledged the need to reduce the present high levels of unemployment.

He clashed with Mrs. Margaret Thatcher, Opposition leader, who maintained that Government policies had resulted in Britain having worse unemployment than was being experienced by her main industrial competitors.

While reserving the right to check the figures on which the Tory leader based her argument, Mr. Callaghan admitted: "Unemployment in this country is far too high, and far higher than I ever expected or wanted to see it."

The Government had taken a number of measures to improve the situation, including the introduction of the Temporary Employment Subsidy which, he understood, had safeguarded over 600,000 jobs during the period it had been in operation.

This was one of the reasons why Mr. Harold Lever, Chancellor of the Duchy of Lancaster, had been given special responsibility for small industries. He had been working with some success to encourage the growth of small firms, which could provide additional jobs.

Elaborating this point in reply from Mr. Tim Rathbone (C., Lewes), Mr. Callaghan indicated that the service industries were not being considered by Mr. Lever.

The Prime Minister said: "I think we have got to turn more and more to this kind of field, because I don't believe manufacturing industry, as such, will be able to provide the jobs which are necessary if we are to return to the kind of unemployment levels I want to see."

Increase

Mr. Callaghan rejected a Tory backbench charge that Mr. Anthony Wedwood Benn, Energy Secretary, and in the process condemned the ineffectiveness of his Tory predecessors in the oil companies for drilling rights in the North Sea.

When Mrs. Thatcher returned to the attack, the Prime Minister pointed to the improvement in employment in manufacturing industry—a 1.6 per cent increase in the number of people employed in this sector compared with a year ago.

It was also encouraging that the total number of people employed showed a slight increase.

Replying to Mr. Max Madden (Lab., Sowerby), Mr. Callaghan agreed that there were frequent instances where rationalisation and investment in large scale organisations led to a reduction in jobs.

"I think it is fair to say that the Labour Government has proved a much better custodian of the national interest in these matters than our predecessors, who were willing to give the oil revenues away, not only to the British companies, but also to multinational overseas companies," he claimed.

Mr. Eric Heffer (Lab., Walton) attacked Conservative proposals for using virtually all the new oil wealth on wholesale tax reductions, particularly for the higher income groups, and called for an assurance that Government policies would be redirected to the regeneration of British industry and the development of public expenditure needed to "get our people back to work."

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LABOUR NEWS

All-union talks sought to solve Leyland problems

By Philip Bassett and Alan Pike

DISCUSSIONS among all unions with members in Leyland Cars to clarify attitudes to problems facing the company are being sought by the Amalgamated Union of Engineering Workers.

The AUEW executive decided yesterday to call for the meeting with other unions after hearing reports on Monday's talks between union representatives and Mr. Michael Edwards, chairman of British Leyland. After the talks, the engineers will decide whether there should be an approach to the Government.

An early date for the meeting is likely since, on the present timescale, Mr. Edwards intends to make a major statement on the future of Leyland Cars to management and union representatives in Birmingham on February 1.

Senior shop stewards on Leyland's cars council have decided to seek a meeting with the Prime Minister after talks with Mr. Edwards on Monday. Their request had not been received at Downing Street yesterday and there is no indication whether they will succeed in seeing Mr. Callaghan.

The AUEW will be anxious to maintain a common front among the Leyland unions since it believes that, if further trouble from toolmakers over pay parity is to be avoided, there must be no going back on proposals for company-wide bargaining accepted last year in a ballot of employees.

The 10-day-old unofficial strike by 1,000 body plant press shop workers, which has stopped Escort production at Ford's Halewood car plant, Merseyside, is to go on.

About 800 of the strikers at a meeting yesterday in Transport House, Liverpool, voted almost unanimously to accept their shop stewards' recommendation to continue the stoppage. Only about 20 of the strikers voted to go back to work.

In Merseyside's other major car dispute, hopes for a settlement of the three-month-old strike by 2,000 workers at British Leyland's Speke factory dwindled still further after a meeting by the factory's shop stewards committee.

The meeting of the stewards from the Speke plant also was held in Liverpool's Transport House. It was agreed that the strikers' union had been seeking management officials and representatives of the Advisory, Conciliation and Arbitration Service in

London was adjourned indefinitely. Speke union officials still are determined to keep the factory management to a 1972 work agreement. This sets out a procedure for bringing in new work schedules and practices which Leyland wants to introduce at Speke. Strikers claim management has broken the agreement.

Hoover faces shutdown at Merthyr

By Robin Reeves, Welsh Correspondent

A HALT to production and layoffs are threatened at Hoover's domestic appliance factory at Merthyr Tydfil, South Wales, as a result of a strike by delivery drivers.

Following a break-down in negotiations in London between Hoover and the drivers' union, the TGWU, over a new pay agreement, picket lines have prevented all supplies from entering or leaving the factory, the main U.K. production centre for Hoover washing machines and other laundry appliances.

Assembly lines are expected to start running out of work shortly. The dispute arose from the rejection of an offer of a 10 per cent pay rise conditional on the surrender of a guaranteed 50-hour working week agreement. The union contends that the offer would mean a real increase for the drivers of only 2 per cent.

Stevedores to disrupt shifts

MEMBERS of the National Amalgamated Stevedores and Dockers Union in London's enclosed docks are expected to begin disrupting the docks' shift system to-day in protest at a pay offer within Government guidelines.

The shift system, worked for the past seven years, is based on two shifts between 7 am and 9 pm. Union officials have recommended that the men revert to a national agreement of one shift from 8 am to 5 pm. The stevedores' union has been seeking rises of about 23 per cent on basic pay, together with better fringe benefits.

AUEW backs council fight on public sector curbs

By Alan Pike, Labour Correspondent

THE EXECUTIVE of the Amalgamated Union of Engineering Workers yesterday agreed to support a campaign by the Labour-controlled South Yorkshire County Council against application of the pay guidelines in the public sector.

The council is seeking nationwide support for an attempt to persuade the Government to give local authorities more freedom in handling wage negotiations.

"Indefinite" nature of the Government's pay guidelines, which it believes is impairing confidence in local authority negotiating procedures and aggravating problems over differentials.

The council is looking to other local authorities and trade unions at both national and local level for support for its initiative. Mr. Hugh Scanlon, AUEW president, said yesterday that his executive would ask the TUC to raise the issue with the Government and would also take it up with AUEW-sponsored MPs.

South Yorkshire's decision was taken, to a large extent, as a result of the firemen's strike and yesterday the AUEW agreed to give £500 to the Fire Brigades Union to help relieve hardship caused by the dispute.

The formal end to the firemen's dispute came yesterday, at a meeting lasting only seven minutes, when FBU leaders and local authority employers' representatives signed the new agreement giving the men 10 per cent increases now and equality of earnings with skilled manual workers by November, 1978.

Figures for military firefighting activities during the dispute were issued by the Ministry of Defence yesterday. A total of 30,750 service personnel attended 26,700 incidents in England and Wales, 5,700 in Scotland and about 500 in Northern Ireland.

Most fire stations were operating normally yesterday, but local problems arising out of the strike continued in some areas.

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Technical Page

COMPONENTS Moving towards a European standard

CUTTING through the welter of standards still prevailing in Europe for pneumatic and hydraulic equipment, Compar Max is bringing into the U.K. market a series of sub-base mounted pneumatic valves the company's French subsidiary is making to ISO standard specifications.

These will eventually supersede the CETOP standards used in many parts of Europe as well as France's GNOU and West Germany's DIN standards. The new product is thought to be the first of its kind offered to U.K. users and meeting ISO committee recommendations.

At the same time, Compar Max has brought out a series of metric spool valves to port and thread BS 2779 which is the ISO R238 standard.

The introduction of this series follows a lengthy market research operation which was set

Hydraulics expansion

SUBSTANTIAL INVESTMENT in the U.K. subsidiary companies of the Anglovaal Group is being made by G. L. Resoroth, West German hydraulics group (itself a Mannesmann subsidiary). Last year's U.K. turnover exceeded £5m.

The group acquired Carron Hydraulics, Kirkcaldy, which makes slow speed hydraulic motors and winches. In 1976, plans are in hand to launch a new hydraulic winch shortly, and the group is testing and evaluating a range of pressure compensated valves and axial piston pumps have just been launched by the U.K. company, which now plans to start production of hydraulic cylinders and present imported group is looking for adjacent

The U.K. company told the Financial Times that it wanted to secure the company's future in the "mobile" hydraulics field (systems for earth moving plant etc.) and to this end is interested in the acquisition of U.K. companies making "mobile" hydraulic equipment. Investment funds were stated to be no problem. The company estimates the potential U.K. market in this field to be £50m/year, and is aiming for a substantial proportion of this sector.

On the industrial side, such as plastics, machinery, machine tools, compactors, die casters, etc., the group reckons to be well established, saying that, for example, its equipment is on some 50 per cent of the hydraulically operated machine tools made in Europe.

The company claims that the hydraulic equipment market is expanding rapidly, for example there is a 10 per cent/year growth in the use of slow speed hydraulic motors (used to drive concrete mixers and similar heavy plant), and that despite the competition from electronics, hydraulic control devices are holding their own, especially on machine tools.

More from Resoroth on 0450 76011.

Wide range temperature sensors

PLATINUM resistance temperature detectors, covering the range from -230 to +800 deg.C, have been developed by Sensing Devices, 97 Titebarn Road, Southport, Merseyside PR8 6AG (0704 35739).

Mounted in ceramic bodies, and made to a close tolerance ($\pm 0.013\text{mm}$), to ensure interchangeability, they are said to cost the same as glass-encapsulated detectors but provide superior performance.

When subjected to repeated thermal shocks, the maker says the detectors continue to be highly stable because they are free from mechanical strain. Among them is a device for surface temperature measurements and this is 4mm long by 5mm diameter. It is particularly suited, when sheathed, for use in plastics moulding/extrusion machines.

There are three general purpose detectors—30 x 4mm diameter to fit a 5mm outside diameter sheath; and two 5mm diameter devices which are 15 and 30mm long.

All four units have platinum leads for ease of welding, and conform to BS1904:1964 and DIN 43760, as well as U.S. and Japanese specifications.

Hydrostatic drive

HEAVY DUTY vehicles such as rollers and wheeled and crawler shovels are the main targets for a new hydrostatic transmission series to be launched officially by Linde Hydraulics at this year's Iptex Exhibition, which will be held at the Birmingham Exhibition Centre from March 13 to 17.

One of the aspects of the new design is a variable displacement swash-plate (wobbling plate) pump with either fixed or variable bent axis motors.

This design combination allows the transmission engineer to select from many options in terms of speed, power and torque. And the layout follows the current general trend to modularize, reducing the number of external components and the

HANDLING Warehouse forklifts

TWO ELECTRIC lift trucks, with capacities of 11 and 14 tons, have been added to the Clark range. Maximum lift height is 4.8 metres for both machines, at a laden lift speed of 310mm/second.

Noise generated by the hydraulic circuit is above 4000 Hz, which, according to the maker, is less disturbing to the human ear than the usual hydraulic noise.

Right-angle stack is 3 metres, giving easy manoeuvrability in confined spaces. Available with either pneumatic or cushion tyres, the trucks have a wheelbase of 1230 mm. Both travel at 11 k.p.h. loaded, and 12.5 k.p.h. unloaded.

Details from Clarion Mechanical Holdings, 26 Park Circus, Glasgow G3 6AP (041-332 6365).

HEATING Matches the weather

TWO CONTROL systems for use with all types of heating, ventilating and air conditioning installations in intermittently heated buildings have been launched by Landis and Gyr.

The Micromiser incorporates a micro-processor, requires no calibration or maintenance, and is believed to be the first fully computerised optimum start control system.

The unit is connected to an outside and one or more inside detectors, and, of course, to the heating system. It insures that the temperature in the building (where staff come in, kept at that level during the

MATERIALS Skateboard rink surface

A POLYMER surfacing material for skateboard rinks has been introduced.

Called Prodorbond Surface Served, it is stated to be tough and durable, to withstand abrasion and impact, and to be water, oil and slip resistant. It provides a dust-free, non-drag, areas.

Details from Prodorbond, Eagle Works, Wednesbury, West Midlands WS10 7LT (021-556 1821).

RESEARCH Technology of mixing

AN investigation of the fluid dynamics of mixing technology is in progress at the British Hydromechanics Research Association.

Present work is concentrated on mechanical agitation, and cast facilities including a large (1.8 metres diameter) fully instrumented research vessel. Two main problems are being examined—gas dispersion and mass transfer and fluid loadings on the vessel and the equipment it may contain.

Accurate prediction of mass transfer rate and power inputs for gas/liquid systems is of great industrial importance, for example, in fermentation technology.

Flow loading, predictions become important as vessel size increases, because the rigidity of the vessels, agitator shafts, etc., may limit the improvement in system performance.

Details of the work from B.H.R.A., Cranfield, Bedford (0234 750422).

MACHINE TOOLS Small batch turning

ECONOMIC SMALL batch production turning of complicated workpieces is stated to be the latest main application for the latest computer numerically controlled bar and chucking lathe from Weller GmbH, West Germany.

Fitted with Siemens continuous path control, the machine has a 10-station tool turret mounted on compound slides for internal and external machining operations. Retooling is therefore seldom necessary, changing production runs, minimising unproductive time.

Indexing time is three seconds for one revolution of the turret, and the slides are driven in both axes by separate 1.6 kW DC motors. Feeds are programmable in the range 0.01 to 48.5 mm/rev. Rapid traverse is 4 and 8 metres/min.

Spindle motor power is 10.5 kW, and the speed range is 56 to 4450 rpm. Maximum component diameters for chucking are 100 mm diameter, 80 mm long, but for bar work up to 40 mm diameter the maximum distance between centres is 115 mm. Tailstock movement is hydraulically controlled over 230 mm, and the machine can carry out threading and deep drilling.

Marketing in the U.K. is by Stanton Machine Tools, Carlton Way, Holywell Industrial Estate, Watford, Herts. WD1 8UA (Watford 56333).

DATA PROCESSING Long-range diagnostics

BOTH AMDAHL and IBM at the big end of the computer market have been talking about on-line diagnostics of computer misbehaviour for some time.

Now BSI (Basic Timesharing Inc.) is applying the same idea to help users—and its own national organisations—to solve hiccups themselves.

The company supplies equipment which it has selected for good performance, which is essential when it is remembered that the systems it builds are intended for users who wish to share computer power between many (eight to 40) operators. That it has succeeded is borne out by a recent Datapro B.S.I. survey which returned up times of about 99.8 per cent, translated for some users as 11 years' operations without a breakdown.

BSI chose this week to make a major launch into the U.K. and European markets.

It has a base of some 750 systems in North America, and in Britain, essentially all of them being time-sharing computer units based on Hewlett-Packard central computers but with a large amount of hardware and interfaces, and the operating systems designed by BSI.

What the company claims is that it has made the going

Obeys recorded voices

VOICE recognition, which could help data input and extraction from computer systems very greatly, is nevertheless a difficult technology, with about four years placed on the development phase before—for instance—a broadly-based EMU Threshold system will be installed, and recognise the voices of several if not many, accredited personnel working in a bank, stockbroker's firm, whatever, and carry out their orders immediately.

In the meantime, the designers are making steady progress, the latest move being to provide tape cartridge storage of voice characteristics, rather than having a central computer with such data.

Threshold 600, as the new version is called, will provide this intermediate storage medium. It reflects to some extent the way in which the ability of the basic Threshold concept is being used in the U.S. where on major company where on both feet, so to speak, recording some 200 voice patterns on a Nova 1200, and arranging the system in such a way that the users log on by Hayes, Middlesex, 01-573 3838.

Support for engineers

CHRYSLER'S Technical Computing Department at Coventry has installed three IIT 3330 Datapointers and a visual display supplied by IIT Business Systems. The department provides engineering calculation facilities for Chrysler engineers, as well as technical management information and a draughting service.

The IIT 3330s are being used in two main application areas: scientific calculations, such as the stressing of crankshafts, body stressing, cooling efficiency, engines and fuel consumption; and technical management information systems, for example weights and performance of vehicles and monitoring the development of prototype vehicles.

Chrysler chose the IIT 3330 because it needed access to its computer for as many people as possible and, in the majority of instances, hard copy was

ANGLOVAAL GROUP

Mining companies' reports — Quarter ended 31 December 1977

Prieska Copper Mines (Proprietary) Ltd.				
Issued capital \$4 000 000 shares of 50 cents each				
	Quarter ended 31 Dec. 1977	Quarter ended 30 Sept. 1977	6 months ended 31 Dec. 1977	6 months ended 30 Sept. 1977
Operating results				
One milled	769 000	783 000	1 543 000	
Concentrates produced				
Copper	34 303	29 425	64 228	
Zinc	38 796	34 057	73 653	
Concentrates despatched				
Copper	45 071	21 444	66 515	
Zinc	31 049	25 645	56 634	
Financial results				
Operating profit	8 090	8 000	8 000	
Non-mining income	2 320	153	3 503	
Profit	10 410	8 153	11 503	
Interest paid and other expenses	4 532	369	3 871	
Net profit	5 878	784	7 632	
Loan repayments	1 343	47	1 390	
Capital expenditure	718	804	1 522	
Development				
Advanced	7 006	7 433	14 439	

Eastern Transvaal Consolidated Mines, Ltd.				
Issued capital 4 316 878 shares of 50 cents each				
Planned operations for year ending 30 June 1978				
One milled: 236 000 t				
Yield: 6.4 g/t				
	Quarter ended 31 Dec. 1977	Quarter ended 30 Sept. 1977	6 months ended 31 Dec. 1977	6 months ended 30 Sept. 1977
Operating results				
Gold				
One milled	51 500	50 500	102 000	
Gold recovered	51 500	50 500	102 000	
Yield	6.4	6.4	6.4	
Revenue	36 065	21 800	57 865	
Costs	17 770	16 365	34 135	
Profit	18 295	5 435	23 730	
Revenue	3 309	2 373	5 682	
Costs	1 032	674	1 706	
Profit	2 277	1 699	3 976	
Financial results				
Working profit—gold mining	1 032	1 071	2 103	
Non-mining income	63	39	99	
Profit	1 095	1 110	2 202	
Capital expenditure	1 105	1 105	2 210	
Dividend	—	—	—	
State loan levy	—	—	—	
Development				
Advanced	1 307	1 307	2 614	
Sampling results:				
Sampled	786	1 100	1 886	
Channel width	10.2	10.2	10.2	
Channel value	1 173	1 173	1 173	
State assistance				
The Company remains classified as an assisted mine for the Gold Mines Act, 1966.				
Dividend				
Interim dividend No. 55 of 10 cents per share was declared in December 1977 and is payable in February 1978.				
Capital expenditure				
Capital expenditure for the year ending 30 June 1978 is estimated at R50 000 000.				
Outstanding commitments at 31 December 1977 are estimated at R30 000 (30 September 1977: R30 000).				

Hartebeestfontein Gold Mining Co. Ltd.				
Issued capital 11 200 000 shares of R1 each				
Planned operations for year ending 30 June 1978				
One milled: 2 900 000 t				
Yield: 11.0 g/t				
	Quarter ended 31 Dec. 1977	Quarter ended 30 Sept. 1977	6 months ended 31 Dec. 1977	6 months ended 30 Sept. 1977
Operating results				
Gold				
One milled	741 000	776 000	1 517 000	
Gold recovered	8 225.28	8 535.38	16 760.66	
Yield	11.1	11.0	11.0	
Revenue	54.64	45.15	99.79	
Costs	30.96	28.44	59.40	
Profit	23.68	16.71	40.39	
Revenue	40 487	35 037	75 524	
Costs	22 844	20 072	42 916	
Profit	17 643	12 965	32 608	
Uranium oxide				
Pulp treated	741 000	776 000	1 517 000	
Uranium produced	89 520	90 440	180 960	
Yield	0.12	0.12	0.12	
Financial results				
Working profit—gold mining	17 643	12 965	32 608	
Loss from sales of uranium oxide and pyrite	163	(2 218)	(2 055)	
Non-mining income	363	757	1 120	
Profit	17 843	11 504	32 673	
Interest paid	52	15	67	
Profit before taxation and State's share of profit	17 691	16 025	32 541	
Taxation and State's share of profit	8 238	7 958	16 276	
Profit after taxation and State's share of profit	9 453	8 067	16 265	
Capital expenditure	2 335	2 462	4 797	
Loan repayments	69	67	136	
Dividend	5 400	—	5 400	
State loan levy	12 034	2 528	14 533	
Development				
Advanced	895	324	1 219	
Sampling results on West reef:				
Sampled	2 106	1 820	3 926	
Channel width	31.5	32.5	32.5	
Channel value	1 614	1 726	1 680	
— uranium oxide	0.47	0.55	0.51	
— pyrite	24.16	26.56	25.36	
Dividend				
Interim dividend No. 44 of 75 cents per share was declared in December 1977 and is payable in February 1978.				
Capital expenditure				
Capital expenditure for the year ending 30 June 1978 is estimated at R15 000 000.				
Outstanding commitments at 31 December 1977 are estimated at R7 515 000 (30 September 1977: R10 025 000).				

Consolidated Murchison Ltd.				
Issued capital 4 199 000 shares of 10 cents each				
	Quarter ended 31 Dec. 1977	Quarter ended 30 Sept. 1977	6 months ended 31 Dec. 1977	6 months ended 30 Sept. 1977
Operating results				
One milled	170 500	137 500	308 000	
Any milled concentrates plus cobalt ore	4 420	6 110	10 530	
Any milled concentrates plus cobalt ore shipped	2 956	4 765	7 721	
Financial results				
Working profit—gold mining	2 511	4 500	7 011	
Gold mining	2 511	4 500	7 011	
Non-mining income	23	10	33	
Profit	2 534	4 510	7 044	
Working profit—gold mining	2 511	4 500	7 011	
Gold mining	2 511	4 500	7 011	
Non-mining income	23	10	33	
Profit	2 534	4 510	7 044	
Capital expenditure	540	540	1 080	
Dividend	—	—	—	
State loan levy	—	—	—	

Consolidated Murchison Ltd. — continued				
Financial				
The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.				
Dividend				
Final dividend No. 66 of 10 cents per share was declared in December 1977 and is payable in February 1978, making a total of 30 cents for the financial year.				
Capital expenditure				
Outstanding commitments at 31 December 1977 are estimated at R75 000 (30 September 1977: R169 000).				

Lorraine Gold Mines, Ltd.				
Issued capital 16 356 986 shares of R1 each				
Planned operations for year ending 30 September 1978				
One milled: 1 300 000 t				
Yield: 6.5 g/t				
	Quarter ended 31 Dec. 1977	Quarter ended 30 Sept. 1977	6 months ended 31 Dec. 1977	6 months ended 30 Sept. 1977
Operating results				
Gold				
One milled	319 000	323 000	642 000	
Gold recovered	1 841.42	2 028.96	3 870.38	
Yield	6.1	6.3	6.2	
Revenue	31.45	26.63	58.08	
Costs	31.12	27.25	58.37	
Profit	0.33	(2.17)	(1.89)	
Revenue	10 034	8 603	18 637	
Costs	9 938	9 305	19 243	
Profit	106	(702)	(1 606)	
Financial results				
Working profit—gold mining	106	(702)	(1 606)	
State assistance	689	1 296	1 985	
Profit from sales of uranium oxide and pyrite	47	88	221	
Non-mining income	98	125	421	
Profit	940	777	2 533	
Stores adjustment, employee service benefits and graving of mine dumps	—	384	384	
Profit	940	1 161	2 917	
Capital expenditure	(1 229)	599	2 613	

Development				
Advanced	..... m	3 319	3 771	12 926
Sampling results:				
"B" reef				
Sampled	..... m	134	110	438
Channel width	..... cm	62	43	50
Channel value	..... g/t	24.4	8.2	21.9
	..... cm/g/t	1 509	353	1 086
Basal reef				
Sampled	..... m	328	416	1 204
Channel width	..... cm	10	9	9
Channel value	..... g/t	73.1	67.0	64.8
	..... cm/g/t	763	597	607
Elaborate reefs				
Sampled	..... m	230	292	1 314
Channel width	..... cm	103	117	114
Channel value	..... g/t	13.6	7.0	8.7
	..... cm/g/t	1 405	818	890
Total — all reefs				
Sampled	..... m	752	818	2 966
Channel width	..... cm	55	52	62
Channel value	..... g/t	20.9	12.4	13.7
	..... cm/g/t	1 182	643	848
Taxation				
No taxation or State's share of profit was payable as the Company has assessed losses.				
Capital expenditure				
Capital expenditure for the year ending 30 September 1978 is estimated at R1 000 000.				
Outstanding commitments at 31 December 1977 are estimated at R60 000 (30 September 1977: R57 000).				
<hr/>				
These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors.				
18 January 1978.				

The Management Page

EDITED BY CHRISTOPHER LORENZ

LYS TOP two businessmen, Giovanni Agnelli in private life and Professor Giuseppe Petrilli in the public eye, are both deeply committed "Europeans." But the rations of their respective glomerates often betray a notional between their open ideals and their commercial ends.

Ag. Agnelli, just nominated the Italian weekly magazine "Mondo" as one of the city's three most powerful (alongside the Communist Secretary Sig. Enrico Ingner and the Christian Democrat Chairman Sig. Aldo Moro), is the charismatic 56-old head of Fiat—Italy's 1st private concern, employing more than 300,000 people.

or the past 18 years—since stepped down as EEC Commissioner for Social Affairs—Professor Petrilli, 64, has led the giant state holding, IRI, to per la Ricostruzione industriale, which groups together some 150 companies, four commercial banks, the national airline Alitalia, and the broadcasting network. One of the models for Britain's



Professor Petrilli



Sig. Agnelli

Dichotomies—Italian style

National Enterprise Board, it employs nearly half a million people. As such, he is one of Europe's leading state managers, if not the leader.

Irrespective of personal commitment to the European ideal, Sig. Agnelli has compelling commercial and financial reasons to support community integration, whereas Professor Petrilli appears to have essentially none.

Unlike Fiat, which over the past decade has assumed a distinctly international image, IRI operates on a narrower domestic dimension. But this restrictive context has paradoxically given Professor Petrilli a profound insight into some of the key issues of European

integration such as regional policy.

Sig. Agnelli does not hide the fact that his commitment to Europe is commercial and financial. Indeed, he turns it into a virtue. He talks about the failure to unify Europe politically as "one of the leading factors in present-day economic disorder" and says of his company that "Europe's political sluggishness will prove to be a serious handicap to our growth plans and to our ability to defend the employment and productivity levels achieved as a result of Community regulations."

From the beginning, Fiat saw in the community a reduction in

tariff barriers and the subsequent weight of European competition which would inevitably entail a reduction of its own sizeable share of the domestic market. Ten years ago, Fiat controlled 75 per cent. or so of the Italian car market. Its share had dropped to about 58 per cent. by last year—when exports, primarily to Community member countries like West Germany, France and the U.K., represented nearly 50 per cent. of the group's overall car sales of more than 1.3m.

Fiat these days openly refers to Europe as a "domestic market." In the face of increased Community competition, its policy has been to diversify both

its markets and its industrial activities in order to spread its risks.

To consolidate his presence in the Community market, Sig. Agnelli has turned his formidable public relations machinery towards Europe. Some months ago, he set up a Paris-based "Fiat delegation for Europe," aimed at promoting the group's interests in the Community. Last month, he established another PR body in Turin to deal specifically with Community problems and international organisations.

Sig. Agnelli could further increase his voice in the Community forum by standing as a candidate in the first elections

to the European Parliament. While finality has so far not been reached between the various Italian political parties on the precise constituency formula for Italy in the delayed European elections, the small and influential Republican (conservative) Party is expected to get at least one seat. Should he want it, that seat is possibly Sig. Agnelli's for the asking. His sister, Susanna, is herself a Republican member of parliament, although his younger brother and Fiat vice-chairman, Umberto Agnelli, is a Senator of the long ruling Christian Democrat party, thus giving a more mundane political touch to the Fiat group—but also, per-

haps, some political leverage.

In contrast, Sig. Petrilli has none of Sig. Agnelli's business motivations. His huge state group was originally set up in the Thirties to return credibility to the Italian banking system and to put back on their feet a myriad of ailing industries. IRI became the main instrument for the country's industrial revolution, but in so doing it never lost its original function of a giant state salvage company. Only recently, it has had to absorb the heavily loss-making and economically obsolete subsidiaries of EGAM, the controversial state minerals agency which was dismantled last year.

But as chairman of IRI over the past 18 years Sig. Petrilli has gained an expertise, among numerous other areas, of regional affairs. IRI has always been looked upon by successive Italian governments as having a key role to play in the Mezzogiorno, the country's depressed south with an unemployment rate of more than 15 per cent. and a region for which Italy has repeatedly asked for Community development aid.

Political pressure to promote

intensive industrial investments in the south of Italy has been one of the major factors behind the dire financial difficulties now faced by IRI, with some £10bn. of accumulated debts against an annual turnover of about £30m. This political pressure helped create the policy of Italy's notorious "cathedrals in the desert"—vast capital-intensive industrial projects like the Alfa Sud car plant near Naples or integrated steel complexes in areas devoid of proper infrastructure. Alfa Sud to-day represents one of IRI's heaviest loss-making operations. The Bagnoli steel plant, also in the Naples area, is another. But for all IRI's resistance to the Commercial folly of this policy, at the end of the day the politicians' will rules.

Perhaps more than anyone else in European business, Professor Petrilli knows what the regional problems of the community entail, and how important European policies are for industry. As a confirmed European and Italian chairman of the European movement, he intends to leave IRI this year to stand for the European Parliament on the Christian Democrat ticket.

Paul Betts

computer bureau's success provides lessons for smaller companies

Computing a market share

DREAM of every entrepreneur is to find the sort of less whose customers will be increasingly hooked on product so that a steadily increasing income is therefore a iron certainty.

ve years ago, Brian Johnson a 35-year-old former computer programmer and analyst, d just such an opportunity somewhat specialised corner of the computer bureau ness. His success in building a service for stock-up which has become pensable to many firms—i provide interesting lessons for many small companies.

Johnson's agency, NMW, ides a complete range of ces for stockbrokers: clients are connected ost Office lines to a central utor which keeps their olios and does most of the ne work connected with ial accounting and settle-

to buy a dual ICL 2960 computer for £1.3m, bringing to £2.5m. Its total investment in electronic equipment all of it generated from the company's own income.

NMW began in 1973 as a sort of gentlemen's co-operative, with 400 shareholders, mostly stockbrokers, who put up a total of £85,000 to start the service. Mr. Johnson was then hired as managing director.

Its origin can be traced further back to 1965, when, in Mr. Johnson's words, "The Manchester Stock Exchange got fed up with waving pieces of paper each time a transaction was made."

Brokers and jobbers resented by building up a punched card system aimed at taking the strain out of matching buyers and sellers of stock. This gradually evolved into a computerised system, to deal with the actual transactions.

It was in 1972, when a fully electronic system was brought in, that NMW was formed. But the bottom fell out of its business only a year later following the merger of the provincial and London Stock Exchanges. The London Stock Exchange transferred all transactional business from the North to its newly-developed

automated system, now called Talisman, but declined to buy the assets of NMW. "It became clear that we had lost our main business," Mr. Johnson says. "We obviously were not going to have a large part of the settlement system."

NMW faced insolvency, because of lack of business. At such a time, many people would have given up. But Mr. Johnson saw a glint of light. He realised that stockbrokers would still need the help of a computer for their accounting, processing of portfolios and storage of stock market data. Yet most firms, particularly out of London, were too small to buy their own machine.

He therefore redesigned the NMW system to deal with stockbrokers' office work, instead of their market transactions. At the same time he made his system compatible with the Talisman system used by the London Stock Exchange, so that the two sets of computers could "talk to each other."

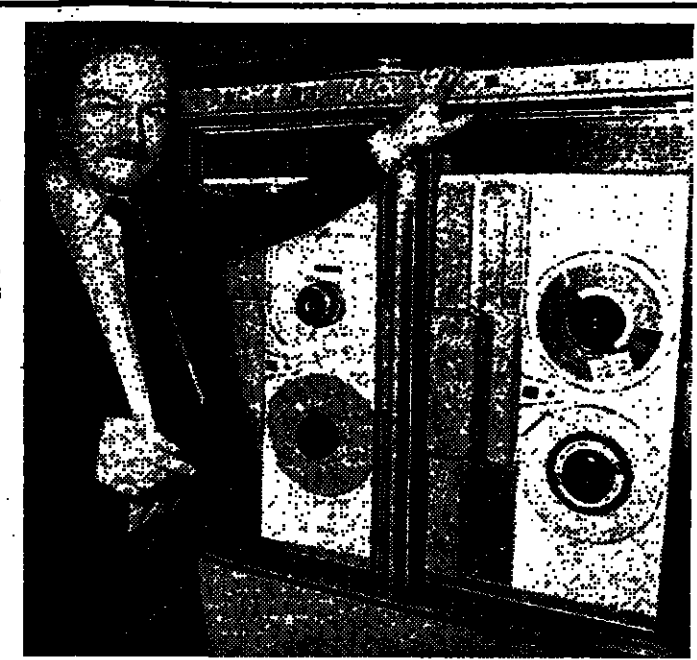
In principle, by re-designing his product, he was developing a bureau which might have been used by any business or profession. But Mr. Johnson took the decision to stick to the

market in which NMW had experience. He says it is NMW's knowledge of the detailed procedures in stockbrokers' offices which has contributed in a large measure to its success.

His second key decision was to put all his initial energy into establishing efficient communications between the central computer and customers throughout the country. The communications link was controlled by two Ferranti minicomputers, which Ferranti helped to program.

Thirdly, he was determined to be self-financing, which meant operating with a very small staff of about 40 people in the early days. To avoid heavy debt charges or rental payments, he preferred to hang on to relatively old equipment until he could buy new machines.

Each client is equipped with a Ferranti minicomputer and printer, and a visual display unit which is connected by telephone line to the central computer in Manchester, where all the central files are kept in coded electronic form. Brokers pay a flat rate of £1 per share transaction for use of the service. For this they get a range of extra services like access to information from the computer's data bank.



Brian Johnson, managing director of NMW

The success of the operation stored in NMW's computer will can be judged from the fact that when NMW started, it was handling only about 8 per cent. of the Total Stock Exchange work. Last year this was 23 per cent. and this year it is expected to increase to 27 per cent. So far there have been no major technical problems, in contrast to the Talisman system, which has had considerable teething troubles.

Mr. Johnson believes that as long as he continues to give an efficient service, his customer base can only grow. The danger that his customers might be enticed away by competitors is mitigated by the thought that people who have their files

Management game

ROUGHLY 5,000 British managers are to-day awaiting the computer's first move in the 1978 National Management Game. This year's players, the majority of them sponsored by company training departments, face increased competition in their quest for the £1,000 first prize and the United Kingdom championship title, to be decided in London on July 25.

The entry has risen to 928 teams, compared with 896 last year when the contest was won for the second time in succession by Rank Xerox.

The computer program which sets the "economic" and other conditions in which the teams have to run their fictitious consumer-durable companies, has been changed so as to present the players with increased uncertainty about their cash-flow positions.

Before this change, the NMG teams were already challenged by a complexity of decisions—what prices to set for their product in the various home and overseas markets, how much to invest in running and expanding their factories, how much effort to put into marketing, transport, and research and development, and so on. But they could at least rely on a steady cash return on the goods they managed to sell and deliver.

Now, however, the teams are being required to sell on credit to a certain proportion of their customers. What this proportion will be depends on the NMG administrators at the game's London headquarters.

who have it in their power to bedevil the players' expectations either by raising the proportion of sales on credit or extending the waiting time for repayment. According to Mr. Jack Layzell, the chief administrator, the possibility of emulating the success of last year's winners—if not "crippling"—bad debt cannot be ruled out.

Fortunately for the 928 teams taking part in the opening round the administrators seem to be in a sunny mood for the time being.

To-day's response from the computer will only be made to the first set of managerial decisions by the 928 teams. Each of them will then have four more sets of decisions to submit to the computer in hope of improving their profits, before the opening round of the championship ends on March 17. Then only the 230 or so most competitive teams will go forward into the second round. The championship "proper" will continue with three further knock-out rounds played by post, plus the "live" final in London.

For the teams which are knocked out in the first round, however, there will be a chance to continue competing for a £500 prize in the "plate" competition now also sponsored annually by the Financial Times, ICL, and the Institute of Chartered Accountants in England and Wales, in association with the Institute of Directors and the Confederation of British Industry. The final of the plate contest will be held in London on July 14.

Michael Dixon

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FTB1

BUSINESS PROBLEM BY OUR LEGAL STAFF

Planning an extension

I am dealing with an application for a small industrial extension which falls within the "permitted development" tolerance of 1-10th under the T. and C. P. General Development Order. This is a first floor extension at the rear of a factory which will be seen but hardly noticeable.

I do not wish to make a planning application but have been reminded by the Planning Department of the proviso "so long as the external appearance of the premises is not materially affected." and I do not consider it will be. Is there any guidance on the legal significance of the word "material"?

There is no simple guide to what amounts to "material" in the

context of permitted development under the General Development Order. Of the numerous meanings given in the Oxford English Dictionary, "serious" or "substantial" are probably the nearest guide—but these are only a guide. If it is correct that the extension will be hardly noticeable, your contention should prevail; but if the word "hardly" is omitted, the matter remains an open question. If you are tolerably sure that the extension will be hardly noticeable you can proceed with the work and leave the planning authority with the dilemma whether or not to serve an enforcement notice.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Accountancy

THE DIAGRAM accompanying Graham Stacy's article last Wednesday was made confusing by the misplacement of the faint line joining the two columns.

This should have been level with the top of "Debtors and Cash." The letter B which appeared to be bracketed against "Debt" should, of course, have covered by the excess of current liabilities over debtors and cash.

Viewdata Conferences

Birmingham, February 14
Zurich, March 2

Two public conferences on Viewdata and its implications for business.

Viewdata is a service created by the British Post Office. It links the ordinary telephone in the office or home to a TV receiver, to provide a revolutionary new medium for selling services and providing information to the public. The information is sent by computer over the telephone line and displayed on the TV screen.

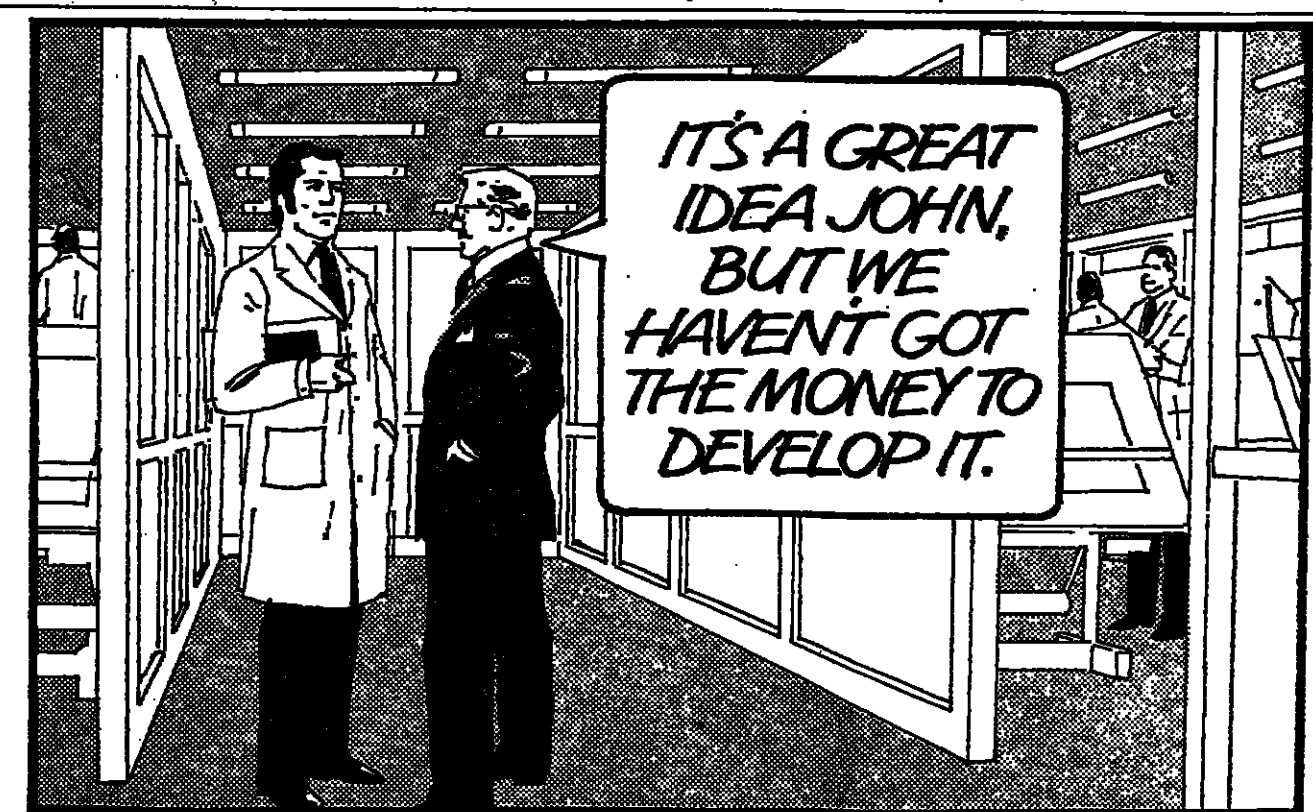
Already the Deutsche Bundespost has bought the rights to use Viewdata (Bildschirmtext). Viewdata may become a European—or world—standard for public information services.

No business can afford to ignore Viewdata, probably the most important development in public communications since TV itself.

The conferences will be addressed by the Post Office top management team responsible for Viewdata, by information providers and by suppliers of Viewdata receivers. The speakers will use Viewdata to illustrate their talks.

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NRDC
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Questions for the Treasury

BY PETER RIDDELL

THE PUBLICATION of the public spending White Paper six weeks earlier than last year has given the Commons Expenditure Committee the opportunity for a longer examination than usual. Indeed, Mr. Michael English and his colleagues on the general sub-committee have had the good idea of supplementing the usual detailed memorandum from Mr. Terry Ward of the Department of Applied Economics at Cambridge with papers from other leading economists.

The list of about a dozen is a fairly familiar one—representatives from the London Business School, the National Institute, Greenwells, and Messel—and other competent commentators can apparently also have their say. So before the deluge begins here are my thoughts.

Output details

The White Paper is certainly an advance on the usual annual inclusion of projections of Government revenue as well as spending over the next two years is welcome. If, over and over, there is rather more detail about the output of the programmes, such as the number of pupils, both in the Treasury and the Expenditure Committee.

In contrast with last year there is no attempt to project the ratio of public spending to Gross Domestic Product beyond 1976-1977. The large underspending in 1976-77, and the fact that the Treasury's estimate of public services should be improved, if the economy does not expand as hoped, then the plans may have to be reviewed.

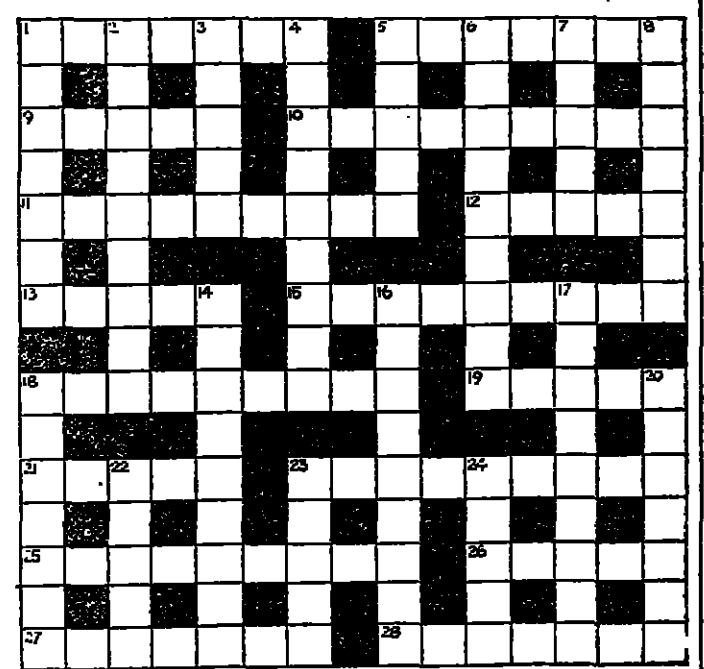
The main reservation is about its distribution—notably the fact that there has only been a partial restoration of the 1976 cuts in capital investment. After all the reviews of the last couple of years, fixed capital formation is projected to be nearly 23 per cent. lower in real terms in 1978-79 than in 1975-76. But total current spending should be 5.5 per cent. up with current grants to persons, notably pensions and other benefits, rising by 18 per cent. over the period.

The Government's public spending plans would be more convincing if some attempt had been made at a better balance of expenditure. Indeed it is arguable that if public spending is to rise during the era of North Sea oil, the main grant should be in productive public investment but not industry aid.

TV/Radio

BBC 1
+ Indicates programme in black and white.
9.15 a.m. For Schools, Colleges.
10.45 You and Me, 11.00 For Schools, Colleges, 12.45 p.m. News, 1.00 Pebble Mill, 1.45 Mister Men, 2.01 For Schools, Colleges, 2.55 Regional News (except London), 3.55 Play School, 4.20 Touché Turtle, 4.25 Jackanory, 4.40 Screen Test, 5.00 John Craven's Newsworld, 5.05 A Traveler in Time, 5.40 News, 5.55 Nationwide (London and South-East only), 6.30 Nationwide, 7.25 The Wednesday Film: "Whistle Down The Wind", starring Haydn Mills, 9.00 News, 9.25 I Didn't Know You Cared, 9.55 Sportsnight, 11.05 To-night, 11.45 Weather/Regional News. All Regions as BBC 1 except at the following times: Wales—7.18-7.28 p.m. For Schools, 8.55-9.05 p.m. For Schools, 9.55-10.05 p.m. Wales, 10.55-11.05 p.m. Wales, 11.05-11.15 p.m. Heddidi, 7.10-7.15 p.m. Young's

F.T. CROSSWORD PUZZLE No. 3,570



- 1 A soft pencil-lead put in an office (7)
5 Horse is obliged to upset nag (7)
9 River going to mountains in the country (5)
10 Ring chief Puritan (9)
11 Great valley from well-built town (9)
12 Mammal he follows for a swim (5)
13 Leading performer must accept one upward step (3)
15 I'm entering a country with excitement (9)
18 Skinning like a vegetarian (9)
19 Gave treatment that does upset dunderhead (5)
21 Bouquet from a romantic (5)
23 Craving in ship for rubbish (9)
25 Where the infantryman looks could be a mistake (9)
26 Vassal, for example, trapped in falsehood (5)
27 An excellent specimen of a snake (7)
28 (Go back with soldiers and stand a round (7))
- DOWN
1 Plane to rouse B.A. perhaps? (7)
2 Where one may find the vicar setting fire in part of book (9)
3 I had been in front but slacked (5)
4 Finish school session in a note (9)
5 Animal for doctor to employ (5)
6 Piece of furniture produced by 11 (9)
7 Warning that could be later (5)
8 Fish using a type of pin (7)
14 Detects aurally in genuine practice (9)
16 Insect with soft inside or it may be a policeman (9)
17 False part of mundarins in ceremony (9)
18 Season left in good-will (7)
20 Leave pole inside last course (7)
22 Irregular virtue could be exposed (5)
23 Sweeten us up on 65 (5)
24 Guide I left in vessel (5)
- Solution to Puzzle No. 3,569
ACROSS
1. PENCIL
5. UNSET
9. VALLEY
10. PURITAN
11. GLEN
12. MAMMOT
13. LEADER
15. ENTER
18. SKINNY
19. TREATMENT
21. BOUQUET
23. CRAB
25. INFANTRYMAN
26. VASSAL
27. SPECIMEN
28. STAND
- DOWN
1. PLANE
2. VICAR
3. SLACKED
4. FINISH
5. ANIMAL
6. FURNITURE
7. WARNING
8. FISH
14. DETECTS
16. INSECT
17. FALSE
18. SEASON
20. LEAVE
22. VIRTUE
23. SWEETEN
24. GUIDE

Difficult times with rock jasmine

IF SOMEBODY told you to grow rock jasmine, you would no doubt clamour for it. You would imagine some small creeping plant which would hang down a dry wall, mould itself to boulders, mix with your best purple hydrangeas and prolong the season when you were pulling out handfuls of old suberectia growth like hair from a moulting terrier. It would be scented, you would presume it would be hardy; white, perhaps. Chinese no doubt. Why had your FT not tipped it before?

Because, among other things, the best of its family are very difficult. There is a Mr. Watson, I now discover, in Newcastle-upon-Tyne who grows his rock jasmine in pots in a shaded greenhouse, placing them on a bench well surfaced with gravel. Every day, he inspects the chippings. If they are dry, he waters them so that the water soaks up into the pot. If they are wet, he leaves them alone. Water is given through a fine rose; the chippings, too, are fine. "This method," as reported, "ensures constant humidity with no excess of wetness or dryness. It requires great dedication."

The Rock Jasmine is sold as Androsace. This may deter you. It should rhyme with gassy or

space, you might be looking for a triumph in your life. You would have to tend it weekly, keeping it under cold glass in winter, plunging it outdoors in summer. Apollo, drought in summer and contact between the furry cushion of leaves and the soil are agreed to be lethal. Slip some chippings between the cushion of leaves and the earth; use clay pots and if you see the

course. There is a charmingly dark green variety with rounded rosettes called *Sempervivoides* because it resembles a small house-leek. Its buds are born in long three-inch stalks which begin by spreading horizontally. The flowers are a bright mauve-pink. I have grown this without trouble on a dry bank, though the rosettes eventually tend to turn brown. It does not object to a wet winter. A brighter variety would be the one which Ingwersen calls *Strigillosa*, a remarkably bright variety whose heads of pinkish-white flowers are prettily barked with purple and red. Do try this if you can find it. It bates to feel wet on its hairy central star of leaves in winter, but it seeds itself and is most noticeable. Despite its hatred of damp, it is quite unjustly ignored.

The new guide's picture of the rock jasmine is precise, systematic and detailed. The smallest lanceolate bract. Mine is no doubt less accurate. But I see it through the eyes of one of its greatest admirers, the plant's guidebook. On the day those flowers for you, all else seems earthly distraction. None of the flowers is so vulgar as to have a stem. There are easier ones, of

GARDENS TO-DAY

BY ROBIN LANE FOX

cushion beginning to crack, soak the post for a while in water. You will understand why the plants have to have a damp neck if you buy the definitive guide and marvel at its photographs of wild rock jasmine in the Pyrenees. There it grows into cracks in the face of granite rock, spreading out over the surface of hard stone and reaching a height of about two inches. The cushions are covered in flowers until, from a distance, you could mistake their foot-

A Gem from Price to-day

WITH PLUMPTON abandoned, followers of racing will have to make do with a somewhat uninspiring programme to-day at Market Rasen, where to my way of thinking the most interesting runner is Celestial Gem in Div. 2 of the Staleford Novices Hurdle (3.30).

Captain Ryan Price has few horses in training under National Hunt rules nowadays, and

RACING

BY DARE WIGAN

Hunt rules nowadays, and Captain Marcos Lemos, who has a powerful string of classical winners, is Clive Britton's stable at Newmarket. It is not a name that one associates with jumping. But Celestial Gem, a chestnut colt by Gulf Pearl, who ran only once on the Flat last season

for Div. 2 of the Staleford Novices Hurdle (3.30).

MARKET RASEN
1.00—Blessed Boy
1.30—Gay Twenties
2.00—Lok Yee
2.30—Sun Lion
3.00—Celestial Gem
3.30—Mazurka

Country hotels, restaurants commended

ANOTHER five country hotels, seven country restaurants and four country guest houses have been commended by the British Tourist Authority. These establishments are commended for the "outstanding quality of their accommodation, food and service, and for their warmth of welcome and value for money."

Rugby package trip offered

A PACKAGE deal to Paris for the England-France rugby union international on Saturday is being offered by P & O Normandy Ferries. The company has 500 tickets left, and the £25 charge includes coach transport, entry to the match, breakfast, and a tour of Paris and the Channel crossing from Dover. Departure time is midnight on Friday returning on Sunday evening.

Rally star to join Opel

BRIAN CULCETH, 39, former in a prototype based on the Leyland rally driver, is to join the team run by the Yorkshire-based dealer, Opel, for the 1978 season. For the past 10 years he has been at the centre of Leyland's rallying and motor sport testing activities. Culceth will drive a group "V" Kadet with a two-litre, 16-valve engine initially, moving on later in the year to compete

Five-tournament circuit starts in May

THE PRE-WIMBLEDON tournament scene in Britain will be strengthened this year by an enlarged men's satellite circuit of five tournaments worth a total of £26,000.

To be known as the Red Hackle British Satellite Circuit, it will begin on May 8 with the Shimmers Championships at Sutton and continue at Guildford where a sponsor has yet to be announced.

The circuit then moves to Glasgow, where Langs whisky company will be the sponsor, and then south again to Surbiton, where Elys of Wimbledon will again support the Surrey Grass Court Championships.

Each of these \$5,000 tournaments will offer a first prize of £1,000 and the 16 points leading to the move to the Channel Islands. The remaining 15 competitors in Manchester

TENNIS

BY JOHN BARRETT

bulk of the entry, the winner will also receive 14 valuable points on the Association of Tennis Professionals' computer ranking list. This forms the basis of all entries for the lucrative International Grand Prix circuit. The remaining 15 competitors in Manchester

Race leaders round the Horn

ALTHOUGH HIS eligibility as an entry in the Whitbread Round the World Race still remains in doubt, Eric Tabary and his crew aboard the French ketch Pen Duick VI reported that they had rounded Cape Horn on Monday and were facing strong north-easterly headwinds as they steered north for Rio.

Great Britain II, the Dutch overall handicap leader, Flyer, and Heath's Condor were also thought to have rounded the Horn yesterday, 23 days out from Auckland, which is considerably less than from Sydney.

Two yachts, the joint services entry, Adventure, and the BBC yacht, Traite de Rome, reported beam winds of 40 knots and more. The leading yachts are expected at Rio in two weeks' time.

YACHTING

BY ALEC BELLY

tance from Auckland, which is considerably less than from Sydney.

Two yachts, the joint services entry, Adventure, and the BBC yacht, Traite de Rome, reported beam winds of 40 knots and more. The leading yachts are expected at Rio in two weeks' time.

Good price for Derby china

THE LEADING London salerooms are slowly returning to normal after the Christmas break. At Sotheby's in Bond Street yesterday English pottery and porcelain made £24,853, with a top price of £1,200 for part Derby tea service of 39 pieces which had been estimated at a quarter of that price.

A 42-piece Chamberlains Worcester created dinner service realised £1,000, rather below

SALEROOM

BY ANTHONY THORNCROFT

Wolf, and a Palais Royale ormolu-mounted, Grafton glass basket went for £200 to Lambert. Another private buyer paid £1,100 for a yellow tinted wine-glass. A small primitive picture, believed to be the work of a 18th century Australian convict, was sold for £38,000. A Thuringian 18th-century porcelain goblet sold to a private buyer for £1,500, double the estimate.

MARIE CURIE

Her work lives on in the cancer nursing, welfare and research of the Marie Curie Memorial Foundation. Please support generously by donation. In Memoriam gift or bequest, this unique organisation now in its 30th year of humanitarian work.

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FINANCIAL TIMES

Private dining room and Cinema facilities

The FT private dining rooms, at Bracken House, provide an ideal City venue for dinner parties and buffet suppers.

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The dining rooms are available, weekdays, 5 p.m. to 11.30 p.m. and may be hired separately from, or in conjunction with, the Cinema.

Buffet luncheons, buffet suppers, snacks and drinks can also be provided, in the Cinema auditorium, for guests attending presentations, previews, conferences or company meetings.

All enquiries relating to FT catering facilities and the FT Cinema should be made through the Press Officer of the Financial Times — telephone: 01-248 8000, extension 7123.

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Wednesday January 18 1978

Future power supply

THE GOVERNMENT'S long-delayed decision about the type of reactors to be used in the next stage of the nuclear power programme is now expected to be made within a matter of weeks. It was to have been made before Christmas; but the Cabinet, understandably uneasy about the importance of the issues at stake and the partisan attitude of the Energy Secretary, Mr. Anthony Wedgwood Benn, instructed the latter to hold more discussions with the interested parties before reporting back. In the course of these discussions, Mr. Benn appears to have shifted his ground to some extent. The question which remains unanswered is whether this is a genuine change or an apparent one, intended only to make his original proposals acceptable to sceptical colleagues.

The technical considerations involved in a choice of reactor system are complex enough in themselves. In practice, they tend to be at least equalled in importance by political considerations—environmentalism and nationalism, for example. It needs to be stated clearly, therefore, that the fundamental problem is that of ensuring that the large amount of nuclear capacity to be installed over the next 20 years produces the power it is designed to produce.

Alternatives

The home-designed AGRs (advanced gas-cooled reactors) which are at present either operating or being constructed in this country are neither as bad as their critics nor as good as their champions claim. They are intrinsically safe and two of them have been in operation—at least for short periods—quite satisfactorily. But there have been serious delays in construction and it is far from certain that they can be relied on to operate continuously at their full rated output for their theoretical life. If they fall short of what is promised, the cost of providing the necessary power from conventional sources will be high.

There is therefore a large measure of agreement in the industry that experience should be gained in the operation of an alternative reactor type. The home-designed "steamer,"

which was selected as an alternative in 1974, is no longer in the running. The only practical alternative is the U.S.-designed PWR (pressurised water reactor), which is the type now almost universally in use elsewhere. Some champions of the PWR have claimed that we should switch over to it entirely because of the advantages it offers in cost, construction time and export possibilities: by doing so, they have probably damaged their own case. The relative merits of the AGR and the PWR (revamped to meet U.K. conditions) can only be evaluated in practical working. The immediate value of the latter is that it is an insurance against possible weaknesses of the former.

Design only

Mr. Benn has argued that the spreading of research effort between two different types will hold up work on the fast breeder reactor of the future. But it has been pointed out to him that Westinghouse and Rolls-Royce are ready to contribute their expertise and that a diverse programme is more likely to attract back those scientists who have drifted off into other industries. He now seems to have accepted the suggestion of the Generating Board, that a couple of AGRs should be ordered very soon to provide work for the industry and that the various U.K. interests concerned should get together on the design of a PWR suited to U.K. conditions, with the aim of placing an order not before 1982.

Given this apparent concession, Cabinet opposition to Mr. Benn is likely to be much weakened. But he has not in fact yet conceded what matters. The electricity industry claims that it would take several years to translate a design for a PWR into an actual order unless the many problems of licensing and building had already been overcome. Permission to go ahead with design work in itself therefore provides no real insurance against inadequate performance by the AGR. What the Cabinet should allow the Generating Board to do is to place a definite order for a PWR at once, subject only to the design coming up to U.K. safety regulations.

Some progress in Rhodesia

DR. DAVID OWEN is awaiting word from Rhodesia's Patriotic Front on whether it is now willing to hold talks with him and Lord Carver on the Anglo-American settlement proposals.

If such a meeting does take place it is likely to be presented as an indication that momentum has been restored to the Anglo-American initiative, which has been virtually stalled since late last year. However, there must be strong doubts as to whether such a meeting will indeed move the initiative forward in any meaningful way, since the Front has strongly criticised some key elements of the plan in the past and there are no indications that it has appreciably changed its views.

Initiative

Furthermore, whatever the outcome of a meeting with the Patriotic Front, the other central parties to the Rhodesia dispute, Mr. Smith and the internally-based nationalist organisations, are pursuing their own "internal" settlement talks. Until these end in success or failure, Britain will have very little room for manoeuvre. The political initiative remains in Salisbury.

Over the past few weeks, the Salisbury talks have made no doubt progress, and the signs are that all the parties involved are keen for a solution. Mr. Smith faces a deteriorating economy and a guerrilla war that is creeping ever closer to the capital. The nationalists know they will become redundant if independence comes through the barrel of the Patriotic Front's gun.

The two sides have already agreed on the number of white seats in a Zimbabwe parliament and that these would constitute a blocking mechanism, although it remains to be decided how these seats should be elected and how long this blocking mechanism should last. The negotiations still have a long way to go and it is impossible to predict with any confidence the shape of a final package that might emerge. But while it is clear that any agreement would depart from the letter of the Anglo-American proposals, it is quite possible that an internal settlement would come within the essential spirit of

these proposals—that there should be a genuine transfer of power to the majority through free elections.

If an agreement were reached in Salisbury that did observe the spirit of the Anglo-American plan, Britain would face an awkward dilemma. If it withheld support, it could lay itself open to charges of abandoning what might be the last chance for a negotiated solution, and of backing the Communist-backed guerrillas of the Patriotic Front. This could create difficulties at home, both with the Conservative Party and with broad sections of public opinion. Yet it has to be acknowledged that it is the guerrilla war, pursued by the Patriotic Front, that has in large measure brought Mr. Smith to the negotiating table. Premature British support for an internal settlement would surely be condemned by the front-line states that support the Patriotic Front and by the Organisation of African Unity, and could present grave difficulties with the Third World bloc at the UN. Moreover it could reduce the pressure on Mr. Smith.

Convergence

The hope must be that some way can be found for the Salisbury talks and the Anglo-American initiative, now running in parallel, to be brought to a point of convergence. This may well be a vain hope. The Patriotic Front has roundly condemned the internal talks. There is bad blood between the domestically-based and the externally-based nationalists. Mr. Smith might be prepared to see Mr. Joshua Nkomo, co-leader of the Front, involved in the internal settlement process, but Mr. Robert Mugabe seems likely to remain anathema in Salisbury. Nevertheless, it is important that the British Government should continue trying for a dialogue with the Patriotic Front, in the hope that it can be persuaded to participate in a negotiated solution. At the same time, Britain must not pass judgment on the internal talks until the contents of any agreement are clear. The chances of progress towards majority rule within the spirit of the Anglo-American proposals should not be prejudiced.

Seeking credibility for the Industrial Strategy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is in the process of trying to devise some means of celebrating the second birthday of one of its major policies on which it may base a considerable part of its next general election campaign. The problem that Ministers are grappling with, however, is that they are not united about what this policy is, while very few people in the rest of the country believe that it even exists.

Nevertheless, on February 1, senior Ministers, including the Chancellor of the Exchequer, will meet with top industrialists and union leaders to celebrate the birthday and plan the future. The cause of all this trouble is, of course, the Government's "industrial strategy." It was born two years ago of a Government which had no overall industrial strategy, but which felt convinced that it needed to reorientate its overall policy-making and expenditure priorities towards industry and that, to make this effective, years of arms-length relationships between the Government and industry should come to an end.

Now, Ministers are having to face up to the fact that, while there may have been some considerable success in reorientating policies and drawing Government Departments and industrialists closer together, nothing has happened that smacks of a strategy. The title is a misnomer and even its most devoted supporters (who hope it will survive any change of Government) can do no more than claim that what is emerging is a whole series of little industrial strategies for individual parts of industry. These "little strategies" are based on the reports of nearly 40 sector working parties which operate under the umbrella of the NEDC and consist of officials of Government Departments, industrialists and trade union officials.

Ministers are wondering whether, in order to reinvigorate the working parties and to try to give the strategy some national basis, they ought to top it off with some macro-economic thinking. The problem so far is that there have been no specific economic and industrial objectives to which the work of the sector working parties and Government agencies can be related.

Aimed at improving over the next two or three years the international competitiveness of manufacturing industry—and of the engineering sectors in particular—the 40-old sector working parties intentionally exclude large-scale problems areas of British industry such as cars and shipbuilding, while steel is only loosely involved.

This raises the question of whether the industrial strategy is merely the title for the work done in the 40 chosen sectors or embraces the whole gamut

of Government-industry relationships. It seems easiest to regard it in its wider context, with the sector working parties being the vehicles for change in specific areas. But even within this definition, the strategy still lacks conviction because it does not involve a choice between winners to be backed and losers to be abandoned. This winners-and-losers argument has been a sensitive political subject for some time and is now being raised again in the current NEDC discussions.

Equally, individual companies and unions, worried about losing their traditional freedom of action, often show little enthusiasm for trying to take impact, from the sector working parties into individual industries and companies, on rationalising production arrangements, or removing what used to be called "constraints to growth," and on bringing together both with each other and with their customers.

The "upward" part is aimed at changing the traditional arms-length relationship between Government and industry so that policies of all types and sizes adopted by Ministers fit in as much as possible with what is good for industry. This might seem a natural and obvious objective which does not need any special "industrial strategy" title; but both civil servants and industrialists insist that it has not existed in the past and that the industrial strategy has given it new momentum. As a result, Government policies have been co-ordinated, areas of industry needing special aid schemes have been identified, and there has been a growing mutual understanding.

One regular event started during the past few months has been the presentation at monthly NEDC meetings of policy programmes by Ministers not normally included in discussions on economic and industrial policy. For example, the NEDC members were impressed by a survey of the educational and training needs of industry presented by Mrs. Shirley Williams, were pleasantly surprised by the interest shown by the Ministry of Defence in trying to boost U.K. industry with its purchasing, but were unimpressed by a bland assertion from Mr. David Ennals, Department of Health and Social Security that the "human capital" of industry should be "strong and healthy" because "the success of the strategy must depend in part on

the existence of a healthy and confident labour force." Generally, however, such meetings have helped to make Government Departments realise the Government's commitment to industry. Both civil servants and the CBI, for example, were especially impressed last summer when the Department of the Environment issued a circular to local authorities on the industrial strategy. This overturned years of tradition by telling them to give industry priority in processing planning applications and to take other steps to help the business community, so pushing housing and local council's lists of priorities.

Agencies such as the National

help for engineering students, some limited Budget representations, and, affecting a single industry, a £450,000 grant for the creation of a clothing industry productivity agency.

Many of these ideas have emerged from the sector working parties, whose first reports a year ago were dominated by requests for Government action. This year's reports, which will be going to the NEDC on February 1, have somewhat fewer complaints about the Government and are starting to look at their own industrial deficiencies. About half of them have produced reports regarded as being helpful in analysing their businesses' problems and setting themselves objectives

hoped planning agreements policy has led to several disputes in the petrochemical working party.

Nevertheless, the sector working parties, bringing together both sides of industry with a secretariat supplied by the National Economic Development Office, are potentially powerful bodies as the two working parties involved with the television industry showed during the row last year which led to Hitachi shelving its investment plans in the north-east. Here the working parties provided a base on which opposition to Hitachi could be built and their importance was demonstrated when they were addressed on several occasions by top Department of Industry Ministers and civil servants.

While some people might deplore the fact that the vested interests of this industry had such a dominant influence on Government attitudes towards Hitachi, the alternative argument is that such active working parties should be influential enough to contribute to the modernisation of the industry. In this sense, the threatened Hitachi invasion may therefore be seen as a worthwhile catalyst for change.

Few other sector working party ideas have been translated into action in individual companies and Ministerial hopes that their old planning agreement policy could be revamped into formalised planning discussions have faltered in the face of implacable CBI opposition. Department of Industry civil servants are already holding ad hoc planning discussions with about 100 companies and the idea was that such a dialogue (matched by similar consultations between the company and its employees) could be used to discuss how the sector working party reports would affect individual companies.

Now, because of the CBI stance, all that is to happen is that there will be fresh efforts to set up communications exercises in individual companies to harness interest and commitment for what the sector reports say. But, as Ministers and their advisers are well aware, such an employee-consultation exercise bypasses the primary issue of how to persuade a company's board of directors and top executives to change their investment, product, employment and other overall plans to fit in with ideas for the future mapped out by the working parties.

The lack of any significant "downwards" impact of the strategy into individual companies, together with the absence so far of any overall national targets, underlines the problems that Ministers face in trying to give their probably misnamed industrial strategy a lasting and respected public image.

66 Elements of an industrial strategy . . . must involve:

- The better co-ordination of policies affecting the efficiency of industry. This will require us to identify the industrial implications of the whole range of government policies.
- The more effective use of the instruments of industrial policy and the deployment of financial assistance to industry.
- Ensuring that industry . . . is able to earn sufficient profits . . . to spur managements to expand and innovate and to provide them with the internal finance on which to base investment.
- A more effective manpower policy, including measures to provide a better supply of skilled manpower for growth industries. . . .
- The improvements in planning, both in industry and by Government, which will flow from systematic and continuing tripartite discussions of the likely prospects of individual industries, allied to greater disclosure of information at company level.

From a document discussed at Chequers in November, 1975



MEN AND MATTERS

Try licking—not smoking

Some time before publication of the last Royal College of Surgeons report on smoking two years ago Action on Smoking and Health (ASH), the leading anti-smoking lobby, wrote formally to the Post Office suggesting a set of anti-smoking stamps to commemorate the occasion. In the words of ASH director Mike Daube they received the PO's standard brush-off letter thanking them for their suggestion which, the PO promised, would be considered alongside all the other bright ideas sent in by the public.

Now the idea has been taken up again by a philatelist member of the Cardiff branch who points out that this would be something of a breakthrough in stamps as propaganda, although it seems that Monaco, the U.S. and the United Nations have already issued stamps bearing warnings of the dangers of drug addiction.

ASH, according to Daube, is constantly receiving bright suggestions from its enthusiastic membership which, he cheerfully admitted, contains more cranks per square inch than most other pressure groups. Sometimes their enthusiasm proves embarrassing—as in the case of the imperious lady supporter who went up to a smoker on a bus, pulled the offending cigarette from his lips, ground it under her heel and hissed "I'm from ASH" to the bewildered recipient of her attention.

In spite, or because, of such occasional displays of over-enthusiasm—and thanks to the tax policies of succeeding Chancellors—cigarette smoking in particular has been on a downward slope for the last five years. Up to now, however, it is what advertisers call social groups one and two who have kicked the habit most. I don't know what effect stop-

smoking stamps would have on the casual scribbler—but they'd probably do wonders for the postmen.

Think big

Manx postman Cyril Simpson's campaign to make intelligence tests compulsory for members of the Island's parliament struck a responsive chord in the mind of David Lally, who keeps an eye on intelligence matters in Ireland and the Isle of Man for Mensa, the association of super-brains.

Having read about Simpson's plans in yesterday's column he now intends writing a letter to the clerk of Tynwald, offering to test the intelligence not only of the 24 members of the House of Keys but also the 12 members of the Manx Legislative Council which together make up the Tynwald or Parliament.

If Mensa's offer is accepted Lally intends to make the same offer to investigate the intelligence of members of the British Parliament. Honourable members, you have been warned.

Hearts and cash

Are British companies now suffering increasing pangs of conscience about their operations in those parts of the world where respect for human rights, as monitored by Amnesty International and other bodies, leaves much to be desired? And are these pangs being assuaged by increased willingness to donate sums to Amnesty?

These questions were provoked by the chairman of the British Section of Amnesty, the Reverend Paul Oestreicher, who recently received a substantial donation from just such a company.



change in attitudes by businessmen over the last year or so. He felt this was partly due to the fact that publication of the "Prisoners of Conscience in the USSR" report published in 1975 had toned down earlier criticism that Amnesty's investigations were too one-sided and limited basically to those countries where the press and general atmosphere was still free enough to allow the violations of human rights to be registered.

I asked Simpson whether Amnesty placed any restrictions on company donations, but he hastened to assure me that they took money from anybody provided no strings were attached, although anything over 4 per cent of their total income was subject to approval by the international executive committee. A purely academic point, he added, so far nobody has come anywhere near offering that sort of money.

Twinkle toes

An anonymous reader in the Irish Republic recently sent us

the following note: Q. Do you know why Irish jokes are so stupid? A. So that they may be understood by readers of "Men and Matters" in Britain.

The following joke is dedicated to you all.

On returning from a hard stint in the North Sea, Red Adair, the famous American firefighter, decided to slip away to Camden Town for a drink in a pub where he would not be recognised. In the same pub were three Irishmen and one turned to his friend and said, "Hey, Paddy, that's Red Adair there at the bar."

"Not true," said Seamus, "he wouldn't come in here." "I'll bet you £5 it is," said Paddy and both handed their stakes to the third who was told to go and ask the man at the bar his identity.

"I'm sorry to interrupt you," said the third, "but my friends have an argument over whether you are Red Adair and there is a £5 bet on it," he said. "That's right," said the great man, "I am Red Adair."

"So, would you mind coming over and telling them, because, to be sure, they won't believe me," said the third.

"And by the way," he added on the way over, "I hope you won't mind me asking a personal question, but whatever happened to Ginger Rogers?"

Paradise

From an advertisement for the Elbow Beach Hotel, Bermuda: "ELBOW BEACH is for SUN people, moon people . . . BEACH people, pool people . . . THIN people, plump people . . . PARTY people, sporty people . . . ACTIVE people, sleepy people . . . BIG people, little people . . . MALE people, female people." Hence the name.



Doesn't he realise he can phone Extel for those shareholding disclosures?

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Observer

COMPANY NEWS+COMMENT

Trident TV advances £2.5m. to £7.36m.

AGAINST THE forecast of not less than £6.7m. made at the time of the May, 1977, rights issue, pre-tax profit of Trident Television jumped to £7.36m. for the year to September 30, 1977, compared with £4.83m. Turnover expanded from £47.18m. to £60.54m.

The directors forecast that the demand for TV advertising will remain buoyant throughout the current year. They say that the group remains financially strong and liquid and will develop existing businesses, and continue efforts to acquire other sound profitable companies that will strengthen the overall base of the company.

They see 1978 as a year of continued growth and increased profit.

At mid-way, when reporting a higher surplus of £3.1m. (£2.83m.) the directors said that they anticipated continued growth of the group's television contracting companies and they looked forward with confidence to an increasing contribution from other activities.

Stated full-year earnings increased from an equivalent 5.7p to 7.6p per 10p share and a final dividend of 1.98p lifts the total to 2.88p (£2.88) net profit after tax of £1.8m. (£1.8m.) on capital increased by the two-for-five rights.

Tax took £4.01m. (£2.9m.) and net profit improved from £1.93m. to £2.15m. before a minority loss of £23,000 (£20,000).

See Lex

Bootham Engineers increase

TURNOVER for the year to October 31, 1977, at Bootham Engineers expanded from £2.75m. to £3.7m. and pre-tax profits advanced from £509,612 to £581,952.

After tax of £269,886 (£27,999) earnings of £1.1m. (£1.1m.) (75p) per £1 share and the dividend is 9.25p (£3.25) net. Profits include other income of £10,716 (exceptional income £71,353).

AMAL. STORES

£12,031 MIDWAY

On turnover for the half year to September 30, 1977, of £126,973 (£22,100), profit of Amalgamated Stores emerged at £12,031, against a loss of £32,200 last year, after a nil (same) tax charge. Again there is no interim dividend. Loss for the 1976-77 year was £22,836.

Wrighton slumps to £22,000 in first half

WITH SALES static at £3.91m. furniture makers F. Wrighton and Sons (Associated Companies) reports a drop in profits from £187,900 to £22,411 in the half-year ended September 30, 1977.

The general downturn of the furniture trade and the falling off in demand for consumer durables, particularly the contraction in the building and construction industry, are reflected in the figures, the directors explain.

The results have been arrived at after taking account of a loss on activities of the French subsidiary. Action has been taken to stem this drain on resources, but the result of this will not become fully effective until the next financial year.

Action has also been taken to increase the profitability of the group and this should result in an improvement in the second half.

Turnover in the nine months to December 31, 1977, shows an increase as compared with the corresponding figure last year and following the reorganisation of sales administration a larger share of the market is looked for in the future.

Although the group has intensified efforts in the export field it has found it a very slow process and it has been extremely difficult to make a satisfactory penetration. The cost of developing the export market, which has been written off as incurred, can be considered as a long-term benefit to the company.

Nevertheless, Wrighton has met with reasonable success in Europe where it has increased the number of countries to which it sells, and has also negotiated a number of successful contracts in the Middle East. Export sales for the nine months represented 6.1 per cent. of turnover, compared with 2.65 per cent. last year, and the directors are optimistic that for the full year the forecast figure will be exceeded.

The reorganisation within the company during the year will create greater efficiency and the results of this should be reflected in 1978-79. The greater awareness of the need to export, the strengthening of the group's position in the home market, greater emphasis on design and research,

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Six months progress by Amber Day

CLOTHING MANUFACTURERS and retailers Amber Day Holdings reports similar growth in the first six months to October 31, 1977, on higher sales of £8.69m. against £7.28m.

With Christmas season trading at a record level, the recent successful opening of three new stores and the higher level of manufacturing sales being maintained, the directors state that they view the outcome of the current year's trading with confidence. For all the previous year, a record £1.1m. profit was recorded.

Stated half-year earnings are 3.87p (£3.55p) per 10p share and the interim dividend is raised from 0.665p to 0.733p net, absorbing £28,811 (£30,743) last year's final was 1.265p.

After tax of £148,500 (£121,690) first-half net profit was ahead from £433,720 to £468,923.

Comment

Amber Day's 10 per cent. profits rise in the first half can be attributed almost entirely to London's increased tourist traffic. In the retail division (one-third of profits) there was a volume increase of about 8 per cent., most of which came from the company's five West End stores which contributed almost half of divisional sales. A similar volume increase came from the manufacturing division where the main customer, Marks and Spencer, now takes almost 30 per cent. of total production (ladies and children's costs) compared with about 24 per cent. last year. Group profits, however, fall short of Raybeck's

25 per cent. midway rise announced last week but there, retelling accounts for about 60 per cent. of total and the clothing range is much larger. With about 30 per cent. more selling space available at least £1.25m. (£1.1m.) should now be possible for the full year. At 40p that puts the shares on a p/e of 8.0 (maximum tax charge) while the yield is 5.2 per cent.

T. Cowie reaches £1.4m.

WITH £510,000, against £325,000, of £200,000 (£207,000). Tax takes £178,000 (£170,000) and £1,063,000 (£814,000) is retained. Comparatives have been restated to comply with ED 19.

Profits were struck after interest of £200,000 (£207,000). Tax takes £178,000 (£170,000) and £1,063,000 (£814,000) is retained. Comparatives have been restated to comply with ED 19.

Earnings are shown to be up from 6.65p to 10.64p per 5p share and the dividend total raised from 1.525p to 1.744p net with a final of 1.044p.

Mr. T. Cowie, the chairman has waived dividends amounting to £35,000 (£27,468).

Net assets are given as 45p a share.

Profits in the motor businesses rose some 75 per cent. to around the £1m. mark. The finance division, where interest charges were some 10 per cent. higher than current levels, improved around 121 per cent.

Mr. Cowie reports that trading on the motor side has been buoyant. With the finance business booming, "we should do quite well this year," he says.

The group is still interested in

acquiring more dealerships. It would be allowed one more Ford main dealership, currently having four, but would also like to add a British Leyland business if the price and location were right. Leyland is one of the few manufacturers not represented in the group.

comment

Cowie is the latest in a string of motor distributors to reveal buoyant figures for 1977. Cowie's profits are up a third before interest and 50 per cent. at the post-tax level. The group has dealerships covering all the major U.K. manufacturers apart from Leyland and it also handles Datsun imports. U.K. registrations for Datsun vehicles were up a fifth last year with Datsun now accounting for a larger market share than Chrysler. Overall pre-tax profits from the car division jumped by around 60 per cent. and in the current year Cowie reports continued growth in sales, car hire, etc. The finance side produced profits growth of about a quarter in 1977 and the fall in interest rates means another good year this time round—a target of £1m. is probably a minimum from that side of the business.

Meanwhile after the abortive bid for Colmore last summer, Cowie remains acquisition minded in order to improve geographical spread. Another attack on Colmore cannot be ruled out. Cowie is still sitting on nearly 30 per cent. of Colmore's equity. At 44p Cowie's shares look very fair value on a p/e of 4.1 and yield of 5.9 per cent.

McMullen expands to £1.5m.

AN ADVANCE from £1.2m. to £1.4m. in group pre-tax profit is reported by McMullen and Sons, Hertfordshire brewers for the year to October 1, 1977, following a rise of £100,000 to £672,000 in the first six months.

Turnover in the business rose to £1.3m. After tax the net profit emerged at £557,102 against £571,824 with earnings per 25p unit stated to be up from 13.02p to 18.15p.

The dividend of this close company is increased from 2.45p to 2.7p with a final of 1.35p.

ON NET turnover of £3.58m., against £2.03m. pre-tax profit of Zettors Group more than doubled for the six months to September 30, 1977, from £177,500 to £689,985.

The 1977 results include a full contribution from Cope's Pools and three months' trading from Empire Pools which were taken over on October 30, 1976 and July 4, 1977, respectively.

Both pools and bingo divisions are currently trading satisfactorily, the directors state, and they look forward to record profits for the full year. Profit for the 1976-77 year was £594,726 and the dividend was 1.162p net per 5p share.

The administrative problems envisaged at the time of the Empire acquisition are being resolved and the full benefits are now beginning to be reflected in trading results. The bingo division, with the benefit of normal trading conditions, had a successful first half, the directors say.

Six months 1977 1976
Turnover £3,580,257 £2,030,642
Pre-tax profit £1,122,824 £177,500
Net profit £689,985 £594,726
Pre-tax profit £350,996 £77,280
Net profit £273,108 £64,700
Tax £126,887 £12,580
£ to pools winners and betting tax

comment

The recent acquisitions of the Empire and Cope have contributed much of Zettors' doubled first half profits on turnover up 75 per cent. Cope was already part of the group in the second half last year so the dramatic growth rate may now slow but full year profits could still be in the region of £1m.

Apart from the obvious saving on overheads (and Zettors say that there may be more savings to come) the business becomes fully computerised. The group is also able to offer a bigger pool of prize money. This should help Zettors maintain its market share.

Estimates to be around 71 per cent. of the total U.K. pools business (with Littlewoods and Vero's sharing the bulk of the rest). Zettors reckons that the underlying growth rate of its business is around 10 per cent. Meanwhile bingo earnings have improved after a rather flat period when the weather was either too hot in summer, or too cold and wet in winter, to bring customers into the halls. On full year profits of £590,000 the group is on a p/e of 6.8 while the shares yield 4.1 per cent. at 47p.

ASSOCIATES DEAL
Capel-Cope Myers on January 13 sold 7,500 Allied Investments at 52p on behalf of a discretionary investment client.

ONE OF the United States' biggest regional stockbrokers, Bateman, Eichler Hill Richards Inc., is to set up in London.

Bateman Eichler is a California-based firm of brokers specialising in West Coast stocks. The London office will service its existing "extensive" business with European financial institutions and meet the demand of U.K. institutions for information about U.S. regional markets.

However, Bateman Eichler has no immediate intention of building up business in the opposite direction. In providing California investors with information on

the U.K. market, it reckons that it cannot compete with the London brokers like Cazenove, Seaberg and Rowe and Pitman, who already have offices on the West Coast.

Bateman Eichler is seeking markets in any of the shares in which it is asked to deal. London representative Mr. David Cordery, who joined Bateman Eichler from Kidder Peabody, describes himself as "the original postman". Bateman Eichler has 22 California offices and one in New York. It is a member of the New York Stock Exchange.

It is understood, however, that the Government has now told the G.L.C. that although it does not consider Parliamentary guarantee involving loans to be "appropriate", the promoters of the scheme could apply for loan guarantees under Section 8 of the Industry Act 1972.

The council has been told that if the project were judged to be viable, the Government would welcome it.

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Canadian Vickers said yesterday that preliminary discussions had been held after Vickers was approached by the unidentified group.



Mr. Ward Thomas, chairman of Trident Television.

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corresponding payment	Total for year	Total for last year
Amber Day	0.73	April 29	0.67	9.22	1.94
Bootham Engineers	0.22	Feb. 27	0.22	9.22	9.22
Courts (Furnishers)	1.36	April 28	1.42	1.18	1.18
T. Cowie	1.04	March 10	0.93	1.7	1.33
Gestetter Holdings	2.02	April 3	1.79	3.95	3.54
Marston Thompson	0.73	Feb. 25	0.69	—	1.68
Prop. Security Inv.	0.73	April 3	0.46	—	1.82
Trident TV	1.98	April 1	1.62	2.83	4.32

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues.

Zettors jumps to £360,998

ON NET turnover of £3.58m., against £2.03m. pre-tax profit of Zettors Group more than doubled for the six months to September 30, 1977, from £177,500 to £689,985.

The 1977 results include a full contribution from Cope's Pools and three months' trading from Empire Pools which were taken over on October 30, 1976 and July 4, 1977, respectively.

Both pools and bingo divisions are currently trading satisfactorily, the directors state, and they look forward to record profits for the full year. Profit for the 1976-77 year was £594,726 and the dividend was 1.162p net per 5p share.

The administrative problems envisaged at the time of the Empire acquisition are being resolved and the full benefits are now beginning to be reflected in trading results. The bingo division, with the benefit of normal trading conditions, had a successful first half, the directors say.

Six months 1977 1976
Turnover £3,580,257 £2,030,642
Pre-tax profit £1,122,824 £177,500
Net profit £689,985 £594,726
Pre-tax profit £350,996 £77,280
Net profit £273,108 £64,700
Tax £126,887 £12,580
£ to pools winners and betting tax

comment

The recent acquisitions of the Empire and Cope have contributed much of Zettors' doubled first half profits on turnover up 75 per cent. Cope was already part of the group in the second half last year so the dramatic growth rate may now slow but full year profits could still be in the region of £1m.

Apart from the obvious saving on overheads (and Zettors say that there may be more savings to come) the business becomes fully computerised. The group is also able to offer a bigger pool of prize money. This should help Zettors maintain its market share.

Estimates to be around 71 per cent. of the total U.K. pools business (with Littlewoods and Vero's sharing the bulk of the rest). Zettors reckons that the underlying growth rate of its business is around 10 per cent. Meanwhile bingo earnings have improved after a rather flat period when the weather was either too hot in summer, or too cold and wet in winter, to bring customers into the halls. On full year profits of £590,000 the group is on a p/e of 6.8 while the shares yield 4.1 per cent. at 47p.

ASSOCIATES DEAL
Capel-Cope Myers on January 13 sold 7,500 Allied Investments at 52p on behalf of a discretionary investment client.

ONE OF the United States' biggest regional stockbrokers, Bateman, Eichler Hill Richards Inc., is to set up in London.

Bateman Eichler is a California-based firm of brokers specialising in West Coast stocks. The London office will service its existing "extensive" business with European financial institutions and meet the demand of U.K. institutions for information about U.S. regional markets.

However, Bateman Eichler has no immediate intention of building up business in the opposite direction. In providing California investors with information on

the U.K. market, it reckons that it cannot compete with the London brokers like Cazenove, Seaberg and Rowe and Pitman, who already have offices on the West Coast.

Bateman Eichler is seeking markets in any of the shares in which it is asked to deal. London representative Mr. David Cordery, who joined Bateman Eichler from Kidder Peabody, describes himself as "the original postman". Bateman Eichler has 22 California offices and one in New York. It is a member of the New York Stock Exchange.

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Bass Charrington warns of drop

RESULTS FOR the first 25 weeks of the current year will be some 10 per cent. lower than the level of the first half of last year, said Mr. Derek Palmer, chairman of Bass Charrington at the annual meeting.

Beer sales in the first few weeks were severely affected by the unofficial stoppage in the North West and industrial action also affected trading in Scotland and London.

Consequently beer sales were substantially lower in the first three months than in the same period last year.

Wine sales have been good and the performance of the hotels was again ahead of budget.

Mr. Palmer added: "Provided we are allowed to conduct the affairs of the company in a sensible and efficient way, we believe that the underlying strength of our products and the people who work for us will enable us to recover from this disappointing start."

He also said that it would shortly be necessary for the group to seek an increase in the price of its beers.

SALES of Marston Thompson & Co. (Furnishers) rose from £10.8m. to £12.7m. in the half-year ended September 30, 1977, on turnover of £10.8m. (£10.8m.)

The directors point out that costs continue to rise and future results must depend on the group's ability to maintain margins.

As indicated last September sales of the group's larger have progressed and further investment in this product is now in hand.

At the attributable level the profit emerges up from £0.87m. to £1.06m. and earnings per 25p share are stated to be up from 3.22p to 3.66p.

The interim dividend is raised from 0.875p to 0.767p—the total for 1976-77 was 1.842p paid from record profits of £3.5m.

Half-year 1977 1976
Sales £12,700,000 £10,800,000
Depreciation £1,100,000 £1,100,000
Interest and dividends £1,100,000 £1,100,000
Pre-tax profit £2,100,000 £1,100,000
Taxation £1,100,000 £1,100,000
Extraordinary credit £1,100,000 £1,100,000
Attributable £1,060,000 £1,060,000

comment

A drop in the transfer to deferred profit at Courts has turned a drop of a third in operating profits into a pre-tax advance of an 80 per cent. Moreover these figures take into account of currency swings and are based on March 1977 exchange rates. Last April saw a 371 per cent. devaluation in the U.S. (where Courts has three stores) and this week another 54 per cent. devaluation was announced. Jamaica apart, the relative strength of sterling is bound to hit a group such as Courts which has its sales overseas. Taking September exchange rates £0.30 would come off of the interim profit and current rates would drop profits even more in sterling terms. Meanwhile in the U.S. trading has been difficult though the January sales have given some relief. The outlook for the second half is hardly buoyant and after currency adjustments the house is not going to look impressive. At 80p the maximum yield of 5.4 per cent. is comparable to other furniture retailers.

Liquid funds now stand at

For the most luxurious Chauffeur Drive Service in Great Britain ring 01-262 3134 and ask for Victor Britain.

Radio Tees now well established

For the year ended September 30, 1977, Radio Tees, made a profit of £31,263, compared with a loss of £27,647. Radio Tees is the independent local radio station for North Yorkshire, Cleveland and South Durham, and this was its second full year of operation.

Accumulated loss has been reduced from £10,818 to £10,856 and now been completely extinguished. In a little over two years the company has become "soundly based, well established and profitable," says the chairman Mr. J. D. Robertson.

comment

The purchase of two major developments in Aldershot has recently been completed, they add. The figures include all interest and other outgoings incurred in respect of properties in the course of development and land held for future development.

Following previous practice, the results of property and share dealing activities in the six months are not included.

comment

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comment

comment

Foreigners take the plunge

ing some industrial or engineering assets into Abercorn.

Such a move would not only involve much benefit to Abercorn shareholders, but the scenario envisaged is that Sanlam and its associates could end up with 30-40 per cent of the enlarged Abercorn, so consolidating their influence on the group.

Whatever emerges, Abercorn shareholders may be prescribed some guidelines to follow. A market rating can improve. A dividend cut to about 20 cents in the current year is regarded as quite conceivable in the new market conditions.

In addition, they say, the slowdown may revive old problems over the group's taxation policies. A year ago, auditors Deloitte and Company qualified the accounts on the lack of clarity over the group's taxation. The directors justified

BY RICHARD ROLFE JOHANNESBURG, Jan. 17.

TURNING an active week in the engineering conglomerate, Abercromb has lost its chief executive after a boardroom row, disappointed a successor from outside the group and may now face a bid or partial bid.

Since the resignation of Abercromb's founder, Mr. Murray, in March, the group has not had an easy passage. Last year it made an abortive bid for the rival conglomerate Protea Holdings and missed its forecast of a 33 cents dividend, though maintaining the old rate of 25 cents. Its price has fallen to new lows recently in contrast to the overall market trend.

In December, it was announced that Mr. John Peck, the group's chief executive, was to spend two weeks in the U. S. looking for acquisitions for AUM, a move which—to outside observers—appeared difficult to reconcile with his position. At around the same time, the search began for a successor.

The new managing director, Mr. Peter Herbert, will join Abercromb on February 15 with his appointment as managing director of the group's subsidiary, Mr. Herbert is at present managing director of Mono Pumps, a subsidiary of Gallaher, and has previously worked for Sime and Otis in the Far East.

Mr. Peck and Mr. Murray, who has been working in Johannesburg now believe that Abercromb, as an "open" situation, with no controlling shareholders, may face a deal engineered by its biggest shareholder, the Afrikaner life group Sanlam, which has an 11 per cent stake.

This could, they say, involve the General Mining/Union Corporation group, which is firmly established in the Sanlam group, owning some industrial or engineering assets into Abercromb.

Such a deal would probably not involve much benefit for Abercromb shareholders, but the scenario envisaged is that Sanlam and its associates could end up with 30-40 per cent. of the enlarged Abercromb, so consolidating their influence on the group.

Whatever emerges, Abercromb shareholders should be aware that some better medicine before its market rating can improve. A dividend cut to about 20 cents in the current year is regarded as essential to make it more market circles.

In addition, they say, the slowdown in business may revive old problems over the group's taxation policies. A year ago, auditors Deloitte and Company qualified the accounts on grounds of provision for deferred taxation. The directors justified this on the grounds of ongoing capital expenditure qualifying the group for allowances and deductions for the realisation of tax arising from timing differences."

FINANCIAL TIMES REPORTER

DISCOUNT Bank Investment Corporation is to raise some \$777,000 through the issue of 100,000 shares of new equity, convertible debentures and option warrants. The financing is being undertaken in order to further "investment in existing affiliates and new business ventures." Nearly all the new Ordinary shares together with just over half of the new option warrants will be issued to shareholders by way of rights. The balance (almost) of the warrants plus one convertible stock are being offered for public subscription. The convertible will carry a coupon of 18 per cent and be convertible into equity on issue until 1987. The conversion basis is one Ordinary share for £122.50 of convertible stock. These options will carry the right to subscribe for one Ordinary share for two warrants at £121.50 a share from the time of issue until 1982. The public offer in the Discount Bank will take the form of a company comprising 1,530 convertible stock plus two option warrants. Price will be 1540 per unit.

SYDNEY, Jan. 17.

A STRONG increase in investment income enabled New Zealand Insurance Company to offset continued losses in Britain and Europe and an underwriting loss from its New Zealand operations and turn in a 23.5 per cent higher net profit in the opening half of 1977-78.

The directors, in their report for the 36 months ended November 30, showed that net profit improved from SNZ\$3.75m. to SNZ\$4.6m.

AP-DJ

DOMESTIC BONDS

By Jeffrey Brown
THE SWISS market this week
 absorbs two new issues totalling
 Sw.Frs.100m. (£26m.).

The mortgage bank Credit Foncier Vaduz is to offer from Friday Sw.Frs.75m. over 15 years, while a similar maturity went on sale yesterday from the power company, Misoxer Kraftwerke which is raising Sw.Frs.25m.

Both loans will carry a coupon of 3 1/2% with the bank offer listed at par and that from the utility priced at 99. Proceeds of the latter will be used for conversion or repayment of loans falling due early this year.

The Misoxer Kraftwerke issue is being made to holders of an

MEDIUM TERM LOANS

BY FRANCIS GHILES AND MARY CAMPBELL

THE PHILIPPINES and South Korea are joining the growing list of countries which are preparing medium term loans contracted two or three years ago. It makes sense for countries whose foreign reserves are higher to-day than two or three years ago, whose balance of payments situation is healthier, to repay loans early and contract new ones on cheaper terms.

Such refinancing is not unique to south east Asia, where Malaysia, only two years ago, was slow to pay at the end of last year have already taken advantage of the present borrowers' market. The U.K., Ireland and Iceland have been among those industrial countries which have already followed the path of refinancing.

Somtrach is arranging a loan of \$250m for ten years, at a spread of 1½ per cent, with terms otherwise in line with present market conditions. Lead manager is Marine Midland, and the loan will be made in tranches of \$25m with maturities ranging from two-and-a-half to seven years, and the remainder of the sum with maturities of seven-and-a-half to 10 years.

This facility will consist of certain participants to lend on maturities of differing lengths. The proceeds are earmarked for the construction of part of the gas pipeline which will eventually link Alaska to Italy.

The terms of the loan made by the borrower are finer than those it would have obtained had there not been an export credit element involved, in this case an Italian one. Somtrach is expected to be in the market for a \$250m loan soon.

M BORNEO Timbers Bhd. lifted group pre-tax profits for the year ended November 30 last, sharply, to 0.66m. ringgits, from 12.24m. ringgits in the period a year earlier, as a result of a 10 per cent increase in the price of logs. The company said that the price of logs was due to lower supplies, reduced production in the U.S. in the foreign exchanges and high operating costs and royalty rates.

Prospects for the second-half year, it commented, were not encouraging, and an improvement could not be expected until either the demand for logs improved or royalty rates were substantially reduced.

● In the past financial year, to May, North Borneo Timbers increased its profits to 23.4m. ringgits, from 17.7m. ringgits in the previous year, and raised its dividend by 16.5 per cent, in addition declaring a one-for-seven scrip issue.

cent. of Japan's projected fiscal 1978 national bonds in the first

The Ministry intends to raise as much money as possible—¥10.88bn. is projected for first half 1978—before the expected upturn in demand for funds from Japanese industry in the second half. During the first half, the Ministry expects to issue more national bonds in April and May when the capital market conditions ease for seasonal reasons than in later months.

be repaid by April 10 when the next interest payment is due.

After Venezuela, Qatar and Algeria will be the next oil producing developing countries to benefit from the fall in spreads and lengthening of maturities. The Qatar Steel Company is understood to be seeking \$100m. for seven years on a spread which may be as low as 1 per cent.

Meanwhile, Algeria has succeeded in raising money on much more favourable terms than at any time in recent years. The state oil company

Eight Year Loan

Arranged by

First Boston (Europe)
Limited

Iran Overseas Investment Bank Limited

Chemical Bank

London & Continental Bankers Ltd.
(with members of the UNICO Banking Group)

Chase Manhattan Limited

Provided by

The Chase Manhattan Bank, N.A.

Chemical Bank

London & Continental Bankers Ltd.
(with members of the UNICO Banking Group)

Bayerische Landesbank International S.A.

Iran Overseas Investment Bank Limited

Manufacturers Hanover Trust Company

Mellon Bank, N.A.

Midland Bank Limited

The Mitsubishi Trust and Banking Corporation

The Mitsui Trust and Banking Company Limited

Provincial Bank of Canada (International) Limited

Agent Bank:

Chemical Bank

November 1977

WALL STREET + OVERSEAS MARKETS

Early 1.7 rally in light trading

BY OUR WALL STREET CORRESPONDENT

A MODEST recovery occurred on Wall Street in light early trading today, with the U.S. dollar firming in Europe and the Japanese yen advancing 1.7 per cent.

The Dow Jones Industrial Average was 173.48 at 11:30 a.m.

Closing prices and market reports were not available for this edition.

at 1 p.m. and the NYSE All-Company Index showed an improvement of 0.04 to 120.31.

IBM, after rising 1.1 per cent yesterday on reporting higher earnings, slipped back 0.1 to 287.1.

Other stocks were mixed.

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OTHER MARKETS

Canada mixed

A mixed trend was apparent on Canadian Stock Markets at mid-session yesterday following moderate activity. The Toronto Composite Index managed a marginal gain of 0.2 at 100.42 at noon, while Oils and Gas picked up 2.0 to 134.71, Banks 1.00 to 229.03, and Utilities 0.24 to 190.10.

Domestic Stores, which plans to lower prices as part of a market-entry strategy, lost 1.0 to 91.5.

PARIS—Shares gave further

ground on March election fears following the latest opinion poll giving slightly increased support to the Opposition.

In weaker French Carrefour fell 2.5 to Frs.125.7, Alcatel-Alenia 3.0 to Frs.320.0, and Michelin 1.0 to Frs.110.0.

However, Motors and Axiata resisted the general weakness with Axiata being withdrawn after rising the day's limit, having been traded on an advance of buying orders in early dealing.

Peugeot-Citroen gained 3.5 to Frs.273.5.

Electrical issues CGE and Thomson recovered most of their initial falls.

BRUSSELS—No decided trend was established.

Petrofina moved ahead 5.5 to B.Frs.3.675 and Electrolux 6.0 to B.Frs.4.170, but Vieille Montagne lost 2.0 to B.Frs.1.500.

AMSTERDAM—Shares in fairly active trading, aided by the firm dollar.

Unilever put on Frs.120 in the test of the market, and shares with gains exceeding 1.00 included Heineken, Naarden and Dell, but Bjenkorf shed Frs.1.00.

State Loans improved afresh in active dealing.

STOCKHOLM—There was a recovery in shares with the index reaching 87.3 at 11:30 a.m. after a fall of 0.7 to 86.6.

GERMANY—Market was generally firmer, led by a strong run on

NEW YORK

MONDAY'S ACTIVE STOCKS

Verde 241.00 +0.25
Coca-Cola 24.00 +0.12
Am. Oil & Gas 21.00 +0.10
Kodak 21.00 +0.10
Columbia Pictures 17.00 +0.10
Tollman 17.00 +0.10
Continental Airlines 17.00 +0.10
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Continental Airlines 17.00 +0.10

Burroughs were down 0.1 at 87.1 despite announcing improved profits.

Actively-traded Citicorp, reflecting lower fourth-quarter results, eased 0.1 to 82.1, while Manufacturers Hanover were unchanged.

Indice

NEW YORK—DOW JONES

Jan. 11 11.74 11.75 11.76 11.77 11.78 11.79 11.80 11.81 11.82 11.83 11.84 11.85 11.86 11.87 11.88 11.89 11.90 11.91 11.92 11.93 11.94 11.95 11.96 11.97 11.98 11.99 12.00

Standard and Poors

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Overseas Share Information

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Continental Airlines 17.00 +0.10

Burroughs were down 0.1 at 87.1 despite announcing improved profits.

Actively-traded Citicorp, reflecting lower fourth-quarter results, eased 0.1 to 82.1, while Manufacturers Hanover were unchanged.

Indice

NEW YORK—DOW JONES

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February 22-23 1978

As a result of numerous requests for an international business symposium on Spain, as part of the Financial Times' series of conferences on matters of substantial current interest, the Financial Times is arranging a conference on Business with Spain in Madrid on February 22-23 1978.

The conference will cover the outlook for the Spanish economy, political developments, an assessment of the impact of the proposed European Community membership and other significant relationships, such as that of Spain with the Arab countries. These topics will be analysed by a distinguished panel of Spanish and non-Spanish speakers of unique authority.

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Minister of Commerce and Tourism

Sr. Don Jose Maria Lopez de Letona
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THE HUMBER BRIDGE

Spanning more than a physical gap

By RHYS DAVID, Northern Correspondent

IN JUST OVER a year's time, after more than 100 years of debate and at a cost of more than £80m., the world's biggest single-span suspension bridge will start carrying traffic between the two banks of the Humber.

With a span of 1,410 metres the Humber Bridge exceeds the present largest, the Verrazano Narrows bridge in New York, by 112 metres. But although its outline has been dominating the approaches to Hull for some time, its forthcoming completion has caused as much doubt as delight in the new county of Humberside.

The bridge has doubled in cost since contracts were let in 1973 and the long-delayed announcement of the toll charges is awaited with some trepidation. Furthermore, though it will cut some 50 miles off the road journey between Hull and Grimsby it has been dubbed the bridge to nowhere. The population on the south bank is relatively small and in some parts of the area—formerly in Lincolnshire—there is not much love lost for the ex-Yorkshiremen on the North bank. Grimsby, in particular, has been fighting its own cod war with the rival port of Hull, raising the issue to angry levels last summer with a report suggesting it had the best claim to be considered the principal centre for fishing industry investment in the area.

Mainly, however, the Humber Bridge calculations have been thrown out by the slowdown in U.K. population growth since the 1960s, when the Government was casting around anxiously for areas, such as Humberside, capable of absorbing the extra millions expected at the turn of the century. At that time the area was thought likely to see an increase of 750,000 by the year 2000: latest predictions put the growth rate at only 0.2 per cent a year.

But while doubts remain, the bridge's supporters feel it represents investment in infrastruc-

ture in potentially attractive land and one that points the right way towards Europe. There are not many large sites close to deep water in North-West Europe. The Humber estuary can as a result play an important part in the U.K.'s economic recovery," David Gill, Humberside's director of planning points out.

The bridge could, some planners believe, result in the creation of a British Rotterdam

“... it could result in the creation of a British Rotterdam ...”

an importing port. Hull has developed a substantial export trade as a result of the switch since EEC entry in the orientation of U.K. trade towards the Continent, and shorter road times to many parts of the country by motorway. In addition, the area is now close to much of Britain's new sources of energy—gas and oil from the North Sea and the Selby coalfield in Yorkshire. In the southern part of the county the now-completed Anchor scheme has given Scunthorpe modern steelmaking facilities capable of producing 6m. tonnes of steel a year, backed by deep-water port facilities at Immingham.

The southern bank of the Humber, where a number of large sites close to deep water are available, is expected to become much more attractive for development as a result of the opening of the bridge, which will give access to the big city facilities—such as engineering, technical and professional services—which Hull, with its population of more than 250,000, can offer.

“This is the last of the undeveloped estuaries in England lost over the past two-three

years as a result of the closure of fishing grounds off Iceland and Norway. Unemployment stands at 7 per cent in the county as a whole, and more than 11 per cent among men in Hull.

Some major new projects are now under way—notably a £15m. expansion by Reckitt and Coleman, the biggest industrial group based in the city, which is building a new 500,000 square foot pharmaceutical complex. BP Chemicals, which already has major facilities on the north bank, is spending £55m. on a 150,000-tonnes-a-year acetic acid plant, due for completion in 1979, and the locally-owned Armstrong Equipment group is taking over the typewriter factory to expand production of motor components. The city's main new industrial estate, Sutton Fields, has also recently topped 1m. square foot of factory space with the start of work on a new unit for Dewhurst, the clothing manufacturer.

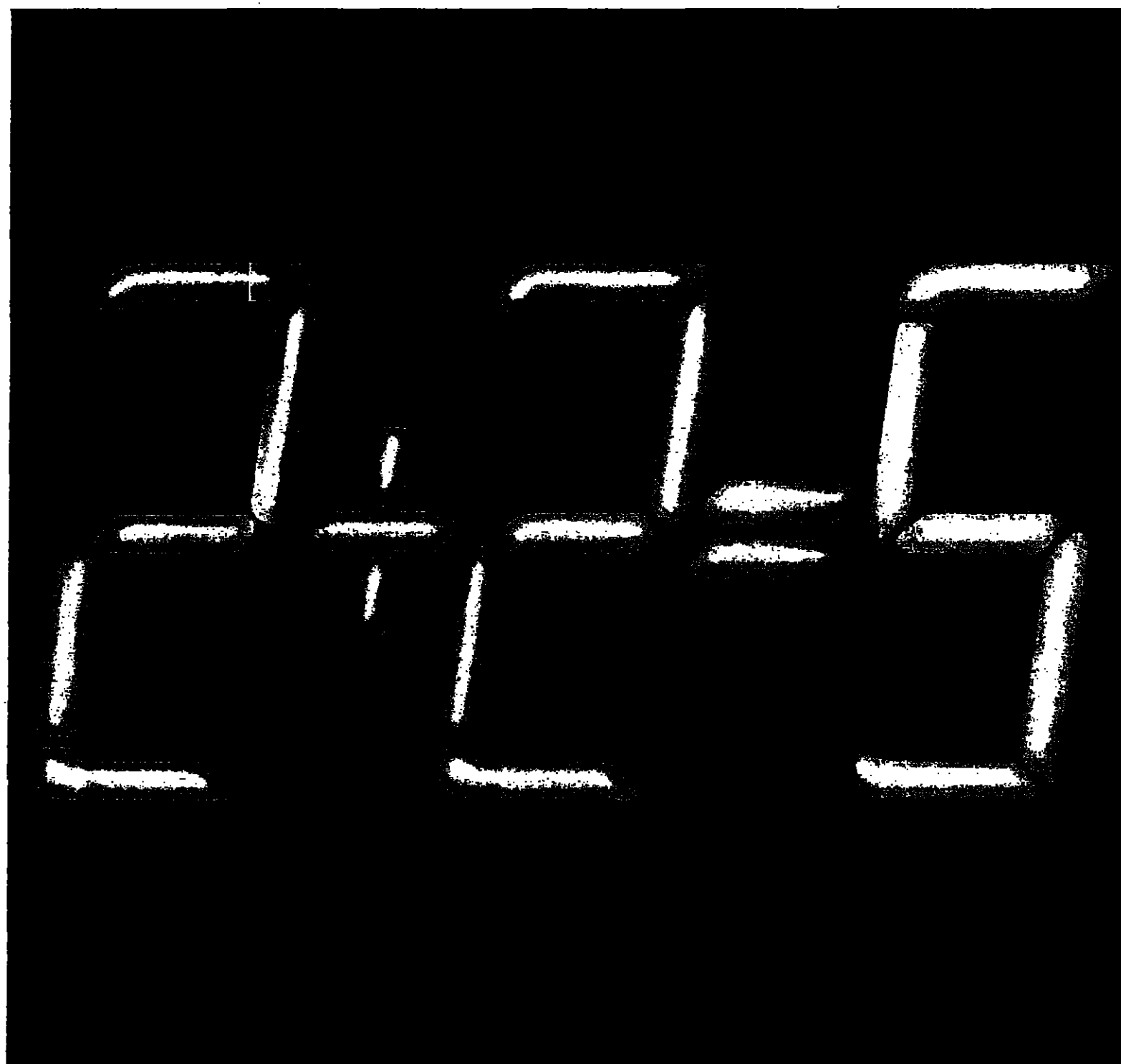
Nevertheless, as Ian Holden, the city's industrial development director, admits, the gap between jobs lost and new opportunities remains wide. But while the bridge remains the best long-term hope for attracting new projects, the linking of the two banks will have other, more immediate consequences and it is these which lie behind the lack of enthusiasm on the south side in particular.

Hull clearly will be able to play a wider role as a metropolis for the whole county, and be able to attract consumers from the south bank who now go as far afield as Sheffield and Leeds for major purchases. Total spending power in Hull's new catchment area is put at £560m. a year compared with £360m. on the North side alone. Some retail development has already taken place over recent years in Hull to cater for the 400,000 travellers who use the North Sea ferries from the Humber each year—many of them on day

trips to take advantage of cheaper U.K. shopping facilities. Some rationalisation of services also seems likely to take place. But whether Hull, because of its size, will be the more attractive location for bases—as some of the towns on the south bank fear—remains to be seen. Grimsby is currently the main headquarters in the area for most of the big frozen food processing companies and they could choose to consolidate activities there.

However, the impact the bridge makes will depend very much on the level at which the toll is set. The Humber Bridge Board has borrowed 75 per cent of the cost of the project from the Government at favourable rates of interest on condition that the loan is repaid over 60 years. There are provisions for capital repayments to be delayed, enabling a lower initial toll to be set, but failure to pay within the required period would impose high costs on local ratepayers.

The difficulties of making bridges pay for themselves have recently been demonstrated by the Severn Bridge, which ran up a loss of more than £1m. last year. But if, in spite of ministerial statements that no special government assistance will be available, a relatively low toll is set for the Humber bridge, the bridge could finally play one other vital role—that of welding the Humberside county together and removing some of the suspicions of each other which the two sides hold.



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FARMING AND RAW MATERIALS

French buy more U.K. livestock

By Christopher Parkes

BRITISH AGRICULTURAL exporters had a good year in French markets last year. They almost doubled their shipments of live cattle, sent 75 per cent more live calves and raised exports of lamb 21 per cent in the first 11 months of the year.

But in a year of unusual shortages in France, when imports of slaughtered beef rose 30 per cent to 189,000 tonnes, U.K. sellers managed to increase their exports of meat only 10 per cent to 51,000 tonnes.

The West Germans, raising their shipments of beef 25 per cent, overtook Britain to become France's main supplier. The Dutch, too, sent 40 per cent more beef between January and November.

France imported 203,000 calves from all sources during the period, compared with 12,000 head in the same part of 1976. Britain, viewed abroad as the "bargain basement" of the European calf market, supplied 185,000 of these, compared with 106,700 in 1976.

Apart from the public row over the travelling conditions of these young stock, farmers in Britain are worried that the best of the calf crop has been skimmed off by the French buyers.

Beef rears in France prefer pure-bred Friesian bull calves to replace the young animals they sell off their own farms to the lucrative market in Italy.

Exports French imports soared, reflecting moves to build up the national herd again.

Soyabean crop estimate hits market

PRICES OF soyabean and soyabean meal fell sharply on European markets yesterday as traders weighed up the impact of the U.S. Department of Agriculture's surprise new estimate of the 1977 soy crop.

The news came from Washington late on Monday that the USDA expects a record 1,716.3m bushels of soyabean from last year's harvest. This is almost 2 per cent higher than the previous estimate of 1,682.7m bushels, and about 33 per cent up on the 1976 crop.

Traders said that to achieve such a result U.S. farmers must have increased their yields per acre by 3 per cent.

Talks on EEC fishing headed for deadlock

By Margaret Van Hattem

NEGOTIATIONS for a European common fisheries policy appeared to be heading towards deadlock here to-night.

M. Antoine Humblot, the Belgian president of the EEC Council of Ministers, warned that a crisis was possible and called for a united stand against Britain.

"The eight must exert pressure on Britain to modify its position," M. Humblot said. "We have the Treaty of Accession on our side. If there is no agreement, we must make Britain face up to its responsibilities."

The Treaty of Accession provides that until 1982 EEC members may restrict fishing within a six-mile limit, to vessels which have traditionally fished in these waters.

This was later extended to 12 miles in certain areas of Britain, Denmark and Ireland. But it is argued that the treaty's definition of fish as a common resource would preclude any type of protection.

The Commission, West Ger-

many France, the Netherlands control over a 50 mile zone, are and Denmark have strongly opposed Britain's demand for principle but appear anxious not to commit themselves irrevocably. The French are suggesting that they might accept a continued six-mile exclusive zone, but they could retain their historic rights in the six to 12 mile zone, particularly along the South Coast of England.

Exclusion from a 12 mile zone would be catastrophic for small French boats and is out of the question, they say.

West Germany and France both appear to support Danish demands for increased fish quotas, but agree that Danish industrial fishing, which is held responsible for depletion of breeding stock of North Sea herring, haddock and whiting, must be reduced or phased out altogether.

The Irish, who also want tight control through a stop-loss chart point which was expected to unleash a wave of speculative selling.

Copper producers in U.S. seek curbs on imports

By John Edwards, Commodities Editor

CONFIRMATION THAT U.S. copper producers planned to seek curbs on what are described as "subsidised" imports unsettled the London copper market yesterday.

Reuters reported from New York that Phelps Dodge and other leading U.S. copper producers planned to apply to the U.S. International Trade Commission this month for relief against imports probably in the form of an *ad valorem* tariff.

Mr. George Munroe, Phelps Dodge chairman, said he was hopeful legislation would be enacted to impose a 10c a pound "environmental equalisation" tariff on certain copper imports.

The argument is that U.S. copper producers cannot compete with foreign competitors, partly because U.S. costs of production have been forced up by environmental controls which are not applied in other countries.

It seems unlikely that U.S. producers of copper and zinc

will receive the protection against "cheap price" imports which they are seeking in view of the political implications, particularly in the case of copper where developing countries such as Zambia, Chile, Peru, Zaire and the Philippines are the leading exporters.

But it can be expected that the U.S. Government will do something to help the industry, in addition to the possibility of backing proposals for replenishing the strategic copper stockpile with funds provided by sales of surplus stockpile tin.

U.S. import restrictions on copper would be fundamentally based on the London Metal Exchange. But the situation is clouded by the fact that a cut in U.S. copper imports would be "bullish" for the New York market, which has a powerful influence on London market movements.

New York copper values steadied on the Phelps Dodge news after a decline which was less than feared, despite break-

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COMMODITY MARKET REPORTS AND PRICES

BASE METALS

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FINANCIAL TIMES REPORT

Wednesday January 18 1978

The Amusement Industry

Britain is one of the relatively few countries allowing fruit machines to be widely used and the introduction of electronics has transformed the traditional amusement arcade.

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SOME degree it is the business everyone loves to hate. The fruit machine, whose club relies for its profits on the fruit machine, is a bar will rarely have a word to say for it; the teenager whose child plays an arcade television game will realise the technology that gone into it; the teenager chooses a record on the box will never know of the near cut-throat competition that lies behind the music, yet there is clear evidence the amusement business, a hotch-pot of nearly handed entrepreneurs, come of age in recent years, easily the industry has signs of developing distinction, not only in the present on offer, but also in management techniques employed.

Today an impressive range of electronic gadgetry (an arcade game can cost over £1,000) is the glitter-front of house display, behind which lies a substantial industry of high technology. The amusement industry does not have the most popular of the phrase one-arm bandits, if only because few of the remaining machines have

attitudes of successive Governments have in fact helped to give Britain a relatively healthy amusement industry.

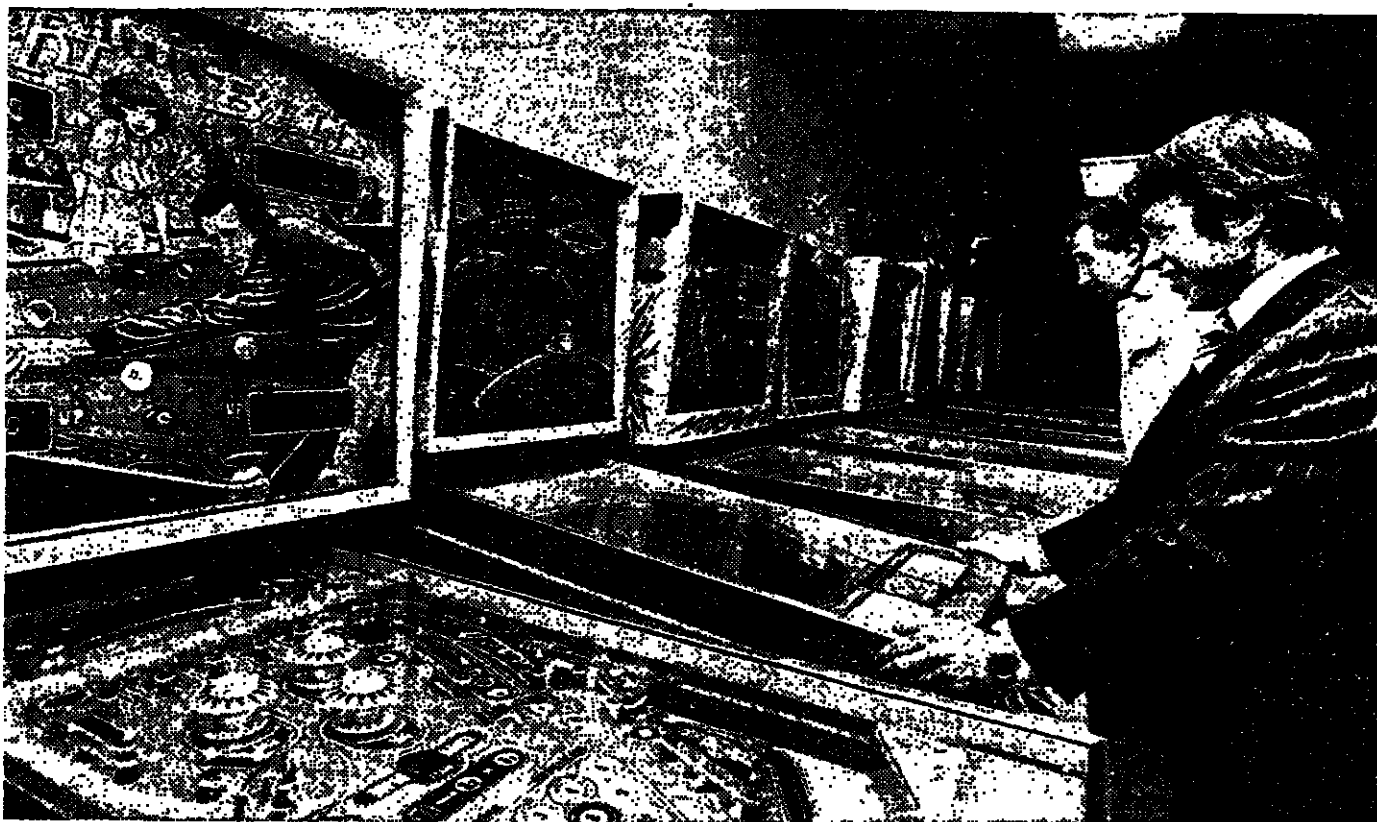
Britain is still one of the relatively few countries in the world which allows fruit machines to be widely used. The rewards to the players may be limited when the machines are used in public places and the whole business is very carefully policed, but the net result is that the British industry has a firm domestic base, from which to operate. It has, for example, enabled Bell Fruit (a Cope Alliman subsidiary) to claim to be second only to the American giant Bally in the fruit machine business, and to be determined to catch up.

It also means that the British industry is singularly well placed to take advantage of what is apparently going to be a substantial expansion in world markets for machines. Several American states are loosening their gaming laws in such a way as to admit the use of machines, and the same thing is happening in Europe and other parts of the world.

Automation

The amusement business in Britain finds its base, of course, in the old fairgrounds. Somewhere along the line someone introduced an element of automation to climbing greasy poles and throwing balls at coconuts and the amusement industry was born.

The admission of fruit machines and electro-mechanics changed the world of amusement considerably in the 1960s. Today, the industry does not have the most popular of the phrase one-arm bandits, if only because few of the remaining machines have



Amusement machines from Ruffler and Deith.

one arm and, with 70-80 per cent of the money going back to the player, not so much a bandit. Instead the machines are euphemistically called

AWPs, which means amusement with prizes, and change so rapidly in facilities and games that they have an active life rarely longer than two years. There is nothing so sad as a second-hand AWP showroom, the machines, gathering dust

and with their bright lights dimmed, stand almost despairingly, as if waiting to go to the great amusement arcade in the anatomy.

The phasing out of as much mechanical operation as possible has been a top priority with the industry for some time. Mechanics need far too much servicing in this age of expensive manpower. To-day, a great many APWs and amusement-only machines boast the average domestic television, coin acceptance system as the while back at the central base there are much more sophisticated facilities for detailed fault correction. A company like Associated Leisure, which boasts the largest range of hire equipment, in the world, is able to plug a machine into a computer, which will then put it through its paces and come up with any fault, from light bulb to micro-processor, without

This Report was
written by
Arthur Sandles

the intervention of human hand. In a couple of weeks' time these strange new devices have transformed the traditional amusement arcade, constant source of both pleasure and abuse. The questionable fringe of the arcade business is the cross the amusement industry has to bear. While the vast number of arcades simply provide innocent resort entertainment, there are those whose location and opening hours seem to attract unfortunate business and considerable public attention. Manufacturers and operators seem universally upset by the image projected by some arcades, or perhaps by the criticism of these arcades, and the British Amusement Catering Trades Association members go to considerable lengths to keep the industry clean.

BACTA is a surprisingly constant presence in the industry, much more so than is normally found. This is probably due to the fact that the industry, being regarded by Government as part of the overall gaming business, is under the watchful eye of the Gaming Board. Almost everything the industry does has to be done with a glance at the Board. However, fears that Britain would soon be awash with fruit machines once they were allowed in pubs and clubs seem to have proved totally unjustified. In recent years there has been scarcely any rise at all in the number of machines in use and they have contributed extensively to the survival of many clubs and commercial operations.

Spectacular

In recent years probably the most spectacular thing that has happened at the show has been the introduction of video games, a mixed blessing as far as the industry is concerned, thanks to their relatively short entertainment life. Less obvious but perhaps more permanent has been the growth in popularity of pool tables, a bar game which has successfully crossed the Atlantic. This year the revolution is behind the scenes, with more and more of those huge glossy beasts having works inside which could be packed into a very small brief-case.

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THE AMUSEMENT INDUSTRY II

Keeping ahead of the field

A FEW MINUTES playing the games is that boredom sets in pretty quickly and you have to keep changing games if the audience is to be retained. The more you see of the amusement industry the more you realise it is like the fashion business. Every few months whole new ranges of games and machines are on offer, and every few months distributors and operators have to decide what they should order. As far as the television games are concerned most of the impetus comes from the American west coast. Thousands of highly skilled technicians thrown out when the customers get out when the customers get bored. The problem with TV space programme went into the business they knew best—micro-technological applications. Oddly enough the amusement industry rivals the computer industry as a consumer of such talents. Dozens of new companies have sprung up in California. Some will survive, some will not, but meanwhile they are tearing each other apart in the fight to produce something a bit more elaborate, a bit more sophisticated and with a little more audience appeal than the rivals. For importers of the games the agony of choice comes in the autumn when they have to place orders. The time scale is simply not long enough to allow the process of having arcade proprietors make their choice and then order on the basis of customer requirements. The successful company is the one which judges the market correctly. Being left with a few dozen television games which no one wants is an expensive mistake to make. For companies like Associated Leisure which, via its hiring division, lays claim to being the biggest operator of amusement equipment in the world, and Cherry Leisure, one of Britain's biggest video game specialists, it provides a constant brow-furrowing concern. Since a great many sites have only a few machines, perhaps

With the mechanics largely removed the machines would be virtually silent unless artificial sound were supplied. In this field the designers have had as much fun as with the basic equipment. Some of the pin tables of to-day give much more solid thumps and noisy bell ringing than did any of their predecessors. By the way, even the traditional pin-table is changing. Although the exterior remains much the same, it being almost impossible to sell a machine anywhere in the world unless it has that quaint, thrifty style American decor (a large slice of the market is now Italian and Japanese machines), the interior electronics have given the designers more scope. The single player machine is rapidly giving way to two- and four-player equipment. These machines even manage to keep score for each player in sequence so that no one has to bother with writing notes.

prospects for holography, the uses of laser beams to create three-dimensional images. At the moment manufacturers are fairly successful in providing the impression of space and depth with the use of mirrors, but holography promises a considerable advance. At the moment the use of holograms is in its infancy, although there have been several interesting demonstrations. Since public broadcast television using three-dimensional holographic techniques must be thought to be likely to be for the coming year

some way off, although cinematic usage may be nearer, one can assume that this is one field in which the amusement business could have to itself for a while. Once again, of course, initial costs are likely to be high. But all that is a long way off (we probably said that bell years ago about TV games!) and meanwhile the industry has learned to live the patterns of exhibition will give some indication of what the fashions are likely to be for the coming year.



A DECADE OF PROGRESS

Just finding its feet some ten years ago, a new but exciting industry, is today thriving and pleased that it adopted the United Kingdom as its manufacturing centre, operating base and hub of its ever increasing export trade and overseas operations. Bell-Fruit pioneered the manufacture and introduction of fruit machines into pubs, right across the country. From their original manufacturing plant in Nottingham they supplied the demands of brewery outlets.

In those early days breweries tended to receive the idea of installing a fruit machine on their hallowed premises with not a small degree of apprehension. Indeed the idea, born across the Atlantic was surrounded by an aura of mistrust, a 'not in the best of circles' reputation, a Scylla and Charybdis industry. Fortunately, breweries quick to recognise the economic and entertainment advantages of this innovation, and keen to maximise their revenue, agreed to the installation of a limited number for a trial period.

Success came, but whilst the revenue was right the image was still one that brought a frown. Probably the most important factor in the change of that image, was the 1963 Gaming Act. Legislation that initially was considered to be ill conceived, turned out to be that which granted respectability, endowed the business with acceptability and generally became the watch dog monitoring the activities of multiple mushroom companies.

Following this major piece of legislation, Bell-Fruit were able to take a leading stance and actively support the newly formed Trade Association, now known as BACTA. This organisation has received approval from many countries as a model, as has the Gaming Board itself, and many are emulating their ideals and methods.

The effect also was that the 'one armed bandit' image evaporated rapidly. Bell-Fruit had appointed new management and put its own house in order, rationalised the many companies involved into the structure it is today, becoming the second largest manufacturer of fruit machines in the world and one of the two largest operators of them in Europe.

Today, Bell-Fruit manufactures 25,000 machines per year, employs over 1,300 people, operates over 13,000 machines and in addition provides the same service to the three armed services at home and abroad. The company has seventeen per cent of the world demand for fruit machines and has the immediate aim of increasing this to 25%.

This success has been the direct result of hard work, the right people in management, in the field and on the shop floor, combined with a high level of research and development. Indeed it can be said that Bell-Fruit has converted the

totally imported into the wholly home produced.

This has been possible by the trust enjoyed by Bell-Fruit from their customers in the industry who have supported the Bell-Fruit product by constant purchase, the Breweries, Licensees, Clubs, the Armed Forces and everyone involved at home and abroad in understanding the difficulties involved from the outset and in maintaining trust despite this. Whilst Britain is the base, Bell-Fruit is well represented in operating and export sales in many countries throughout the world. The USA, West Germany, Austria, Switzerland, Eastern Europe and Spain; the company has a sister company operating in Australia, and interest and sales are moving into Japan and surrounding countries. Bell-Fruit has always ensured that the quality of their machines is second to none and this in itself has produced a healthy growth for everyone; we believe that our personnel training programme is influencing the industry as a whole, and providing a workforce ably guided by a sophisticated management team with the determination to see that the next decade produces the same financial success and growth that this fast-moving, fashion-engineering business demands.

If these demands are investment in funds and people geared to innovation, if these, and more hard work are the secrets of even greater success, then Bell-Fruit will meet these demands.

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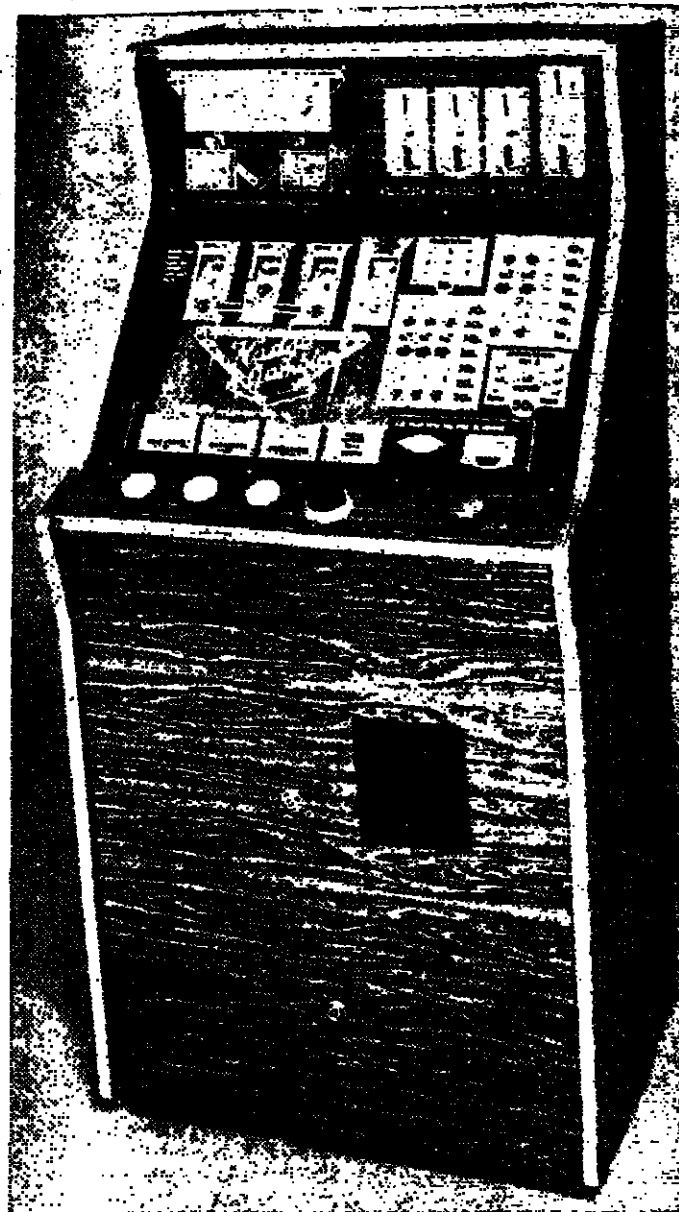
Reliable

The pin table remains as the most reliable bread and butter earner for the business and its consistence appearance says a great deal for its impressive popularity. However, its reliability as an earner is marred somewhat by the fact that even in the most modern equipment the very presence of the balls means a measure of mechanics and therefore a weak link as far as maintenance and susceptibility to vandalism is concerned. Oddly enough, however, vandalism is less of a problem in the business than might be assumed. A quick look at machines will show a surprising amount of glass and apparently destructible apparatus which in fact survives remarkably well.

It is difficult to say where the current swing towards sophistication and innovation is likely to lead, although clearly the industry believes that most of the bruises in to-day's frenetic scene are likely to end up on the faces of the manufacturers rather than distributors and operators.

Perhaps that is why British electronics companies and amusement machine makers have shown little enthusiasm for leaping into the video end of the business, sticking instead to fruit machines and other equipment.

There is the beginnings of interest in the industry in the



The Bell Fruit "Nudge Gambler" machine which incorporates a fourth reel.

A mood of confidence

IF ANYTHING has marked the amusement industry in recent years it is the volatility of the trade. Even a cursory glance at the records of the companies hirers to trade-up and the involved show how many of those involved seem to have provoked doubtless by a misjudgment of public tastes, by the machinations of the Gaming Board or by the sheer vagaries of such an upward movement at the moment.

There is little doubt that at the moment there is a feeling of optimism in the air. The past couple of years have been relatively good ones, at least for the public companies in the business, and no one is in the mood to suggest that 1978 will be anything but better.

Part of the reason for this is, of course, the general mood of economic optimism that is around at the moment. If more people are in their clubs and pubs; if more people go on holiday to the British seaside resorts; and if more Britons are tempted into day trips, then the amusement industry can only benefit. At the same time the manufacturing, distribution and operating industry appears to have settled somewhat from the frenetic days of not so long ago and although competition is still extremely fierce, it may well be that there will also be some reasonable returns.

Lotteries

It is doubtful whether the apparent "competition," from such things as the new wave of local authority lotteries, will have any consequential impact at all. To believe that the lotteries might take away some of the amusement industry's business is to misunderstand the very basis of the industry itself, which is entertainment rather than gambling.

Quite clearly many operators in the industry believe that an increasing share of the market will come to them as the specialists, and that the sales aspect of the trade will lose a little more of its market share. With operators investing so heavily in service equipment and van fleets it is difficult to argue against this view.

At the same time the fashion revenue, now would have a serious impact to seriously considered. Some of the thoughtless tinkering is more likely but that too would probably be temporary. The thought within the trade is that post-Rothschild Government is likely to be preoccupied with off-course betting and casinos, particularly the late movement and not to be over concerned with the activities of machine operators and amusement arcades.

Of course, there is always the possibility that the Government will do something extraordinary, but in fact such a prospect is highly unlikely. Far too many voluntary organisations, including both Labour and Conservative clubs, rely on the revenue from the machines to stay in business. Removal of machine its annual get-together.

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THE AMUSEMENT INDUSTRY III

A question of timing

IF THE Gaming Board and Government really wanted to upset the amusement industry the surest way of doing it would be to change the rules of the game within a few days of the main trade show. Sure enough, that is exactly what seems like happening. At the moment the maximum pay-out on AWP pub fruit machines is 50p, and the bulk of that in tokens. The industry as a whole is not particularly keen on that figure, believing first that tokens should be abandoned and that a £1 total cash jackpot in pubs would not lead to an outbreak of gambling fever.

Some months ago the industry was asked to make suggestions about changes in pay-outs, an invitation which suggested that change was imminent. When no such alterations came the general view seemed to be that if there was to be a last-minute tinkering with the prizes the best thing would be to leave well alone. Now the worst seems about to happen, with rumours in the trade that there is to be a change in the prize rules.

Combination

To an outsider this may not seem to be of particular consequence. However, such is the sophistication of fruit machines these days that any change in pay-out is likely to produce a hiccup in operator ordering which will, in turn, lead to production hold-ups and possibly labour lay-offs. Fruit machines are no longer simple three-reel devices which pay out when a certain combination is achieved. They are complex games systems which have to be programmed with the care normally associated with computers. New prize levels mean new game sharp patterns and new prize combinations. The changes are that most of the machines on show at the forthcoming show will be designed to deal with circumstances which are out of date, and that buyers will want to see working models tuned to the new prize system.

Dr. C. W. Pilkington, who heads the leisure division of Cope Allman, could scarcely contain his anger at the report: "I am speechless that they could do such a thing."

Dr. Pilkington's fury is understandable. Quite apart from having a substantial operating activity, Cope Allman's Bell Fruit makes around 25,000 fruit machines a year, but major importers and dealers, like



Playing the machines in Las Vegas.

Ruffer and Deith, cannot be amused either.

What is particularly upsetting for the trade is that it has been pressing the Gaming Board to avoid just this sort of circumstance for three years now. Once the trade is asked for its views then word circulates in the trade and no one places orders until the position is clear. Protests have, however, fallen on deaf ears so far and if the trade's fears prove correct the timing of the change on this occasion is likely to be the worst yet.

The industry has high hopes of the Rothschild investigation into gambling that the constant changes in pay-out will be the subject of some sort of pronouncement and subsequent action. Many in the business would very much like to see the end of tokens. The theory behind tokens was that they would turn the machines more into amusement machines than gambling devices. However, the industry reckons they just make things more complicated and add another item to those which the public can attempt to use for other coin-operated devices. Most would argue that modest cash prizes cannot do any harm.

Already the industry has shown itself remarkably successful in keeping the pay-outs on the unlimited club machines down to an acceptable level. In theory these machines can pay out hundreds of pounds if programmed to do so, but at the moment it is a rare one which pays out more than £100. There are commercial and political reasons for this. The political ones are obvious, too many £1,000 pay-out machines might

invite Governmental action; but many is currently the world's largest market (second to the U.K.) in taking probably around 55,000 fruit machines a year. Other markets are on the point of rapid expansion.

Brokers de Zoete and Bevan recently said of the world potential: "Growth in demand from the U.S. could be explosive. Formerly Nevada was the only State prepared to license gaming machines, but now New Jersey has liberalised and it seems only a question of time before numerous others follow suit. Potential is appearing in Spain with a relaxation of the gaming laws there; eight casinos are to be licensed. Austria, Switzerland and even countries in Eastern Europe are also promising markets."

In order to exploit these markets the British need a firm domestic base, and it is for this that they are looking to Government. What is proving worrying in particular is that in the possible move from direct to indirect taxation some form of luxury VAT is introduced which bites into the modest take/pay-out structure.

There are some who think that the amusement industry may have some reason for optimism as far as the present investigation of the industry is concerned. Fruit machines have not proved to be the evil that many people suggested would emerge, indeed a great deal of social activity would not have survived without financial assistance from the machines. The industry could well be pleasantly surprised by the findings of Rothschild. Meanwhile, however, it feels itself in need of more immediate sympathy.

One of the chief concerns of the industry is that few people seem to realise its size or economic importance. There are well over 100,000 fruit machines of various types in operation in Britain in clubs and pubs, each one of them worth probably between £300 and £800. At the moment the industry is poised to take advantage of the explosion in demand from overseas. Although Ger-

A source of support

IN THE wake of the 1968 Act which made gaming machines a possibility for many clubs and pubs throughout the country there were cries of horror in many a committee room. "Over my dead body!" And yet hundreds of operations up and down the country have found machines, not only gaming but also amusement and even juke boxes, to be a life-line providing not only entertainment but also cash. It is now a rare place of public drinking which does not boast at least some form of electronic device. There are even some country pubs which take more from their machines than they do over the bar.

Yet the take/pay-out ratio is normally controlled very strictly. Most operators find that if the pay-out rate falls below 70 per cent. of the receipt customers soon sense that they are being cheated—afficionados call them "mean machines"—and in many cases the pay out creeps towards 80 per cent.

The cash cost of a modern AWP machine is something in the order of £500, but very few of them are bought. The volatility of the trade encourages site owners to rent them, and thus in particular free themselves from the problems of servicing. Rates vary enormously according to the machine and the site potential. It is possible, in a poor location, to rent a machine for less than £10 a week, but current equipment in a good site is likely to cost nearer twice that amount.

There has been a tendency for clubs to buy their machines—they have substantially larger payouts, cost somewhat more, but are usually rapidly self-liquidating. However, increasingly there is a trend too for clubs to shirk away from the investment involved and to take a cautious view of changing fashion. The result is a swing to long term leasing with contracts running for years rather than weeks.

Tables

The outstanding example of how the trade has become worried about this involves pool tables. Given that this seems to be a development which has an air of permanence about it many pubs and clubs plunged into full-scale purchase of equipment. Now, however, the problems of lost balls, stolen cues, ripped table tops and other incidents is provoking a rush to rental.

One-off, or small group, operation of amusement machinery presents its own particular problems. If you have ever wondered why amusement machines seem to have an oddly familiar shape and colour, regardless of manufacturer, it is all thanks to the particular tastes and needs of the trades. Taste apparently demands that most of them are made in that dark, almost greyish wood which, I am told, merges into most backgrounds without causing offence. The shape is due to the need for most machines not to have any surfaces upon which to stand a glass or cup. Although I was shown the deep gutter running round the inside of a German juke box, ready in case the beer flowed a little too freely, most manufacturers go out of their way to ensure that the insides of the machine do not get an unscheduled shower.

At the other end of the scale the Cherry group offers a range of video games built into tables so that couples doubtless bored at looking into each others eyes can push their cocktails aside and play video tennis instead.

There is one area of the amusement industry where money is not necessarily the overriding reason for the installation. Juke boxes require a particularly refined type of specialisation and one which seems to be concentrating in a few hands as far as operation is concerned. Once again there is substantial change underway, with the Americans apparently lagging behind in the face of German and French competition which has adapted to new technology much more quickly. However, the problems do not lie in the technology. They arise out of the fact that records are expensive and that juke boxes normally demand more servicing than other forms of amusement equipment.

The great asset of juke boxes is that the audience is not only choosing the form of musical entertainment it wants, but also paying for it. Companies such as Management Agency and Music have become highly sophisticated at the business, which requires a high degree of sensibility about public taste as well as normal managerial ability. Juke box records are often chosen weeks before they go into the charts and it is the company which manages to anticipate consumer taste best that makes the greatest profit.

Usually there is little point in waiting until a record is in the Top Ten before ordering the 10,000 or more copies that you need — by the time you have installed them in your machines the call for that particular tune will have disappeared. The result is, of course, that a decision by juke box operators and with the whole scene one of significant effect on the financial who can blame them.

Arcades

Management of arcades is much less complex than might at first appear, partly due to the very sophistication of modern machinery. Stock loss, as well as normal managerial ability, means cash, is relatively light compared with other retail activities. The machines themselves normally have meters on them which record the number of plays, and thus the amount of money which should be in them, and most machines are also fitted with separate cash boxes to which the arcade management itself has no key. This is not to suggest that amusement centre operation is an easy business. Nowadays, however, relatively rare these days are such constantly changing faces, who can blame them.

	12 months to Dec. '76	6 months to Jun. '77
Turnover £'000	500	1,500
Staff at period end	30	60
Vehicles at period end	20	50
Districts	5	11
Increase in equipment	400% (to Jan. '76)	250% (to Dec. '76)
Increase in takings	7x (to Jan. '76)	2x (to Dec. '76)



CHERRY LEISURE (U.K.) LTD

SPECIALISTS IN VIDEO GAMES/TV GAMES

Cherry Leisure (U.K.) Ltd. is a subsidiary of Cherryforetagen AB, Sweden, with an annual turnover of £30 million, making it one of the largest companies in its field. Trading in Scandinavia, Europe and England with offices in Sweden, Denmark, Norway, England and Spain.

WE TAKE FUN SERIOUSLY

387 High Road, Willesden, London, NW 10 2JR. Tel.: 01-459 2236/9

Amusement and Leisure are part of our business.

Our name is Management Agency and Music Limited, but there's more to it than management and music.

Three of our subsidiary companies are major suppliers to the amusement and leisure industries.

MAM Inn Play Ltd.

Juke Boxes, Amusement With Prizes Machines, Background Music, even Rentable Microwave Ovens: MAM Inn Play is behind them all.

One of the country's leading Juke Box and Amusement Machine operators, known and respected throughout the licensed trade: that's MAM Inn Play. The suppliers of today's most authentic and flexible system of Background Music. A stereo sound system involving

continuous play from standard cassettes. A system of music reproduction which is pleasantly welcome in factory and shop. That's MAM Inn Play, too. The supplier of Rentable Microwave Ovens: a unique rental service which, with the expert back-up of radio-controlled engineers, guarantees almost continuous use for the busy caterer. Once again, MAM Inn Play.

Kenmar Leisure Ltd.

This MAM subsidiary knows all there is to know about Fruit Machines, which sports and social clubs now recognise

as a major source of income. Kenmar Leisure is also a big supplier to the licensed trade in the North of England.

Rhein Automaten Ltd.

The British main distributors for N.S.M. Music Boxes: N.S.M. are in the forefront of the world market with their fully

electronic Music Boxes and remote Wall Selector units.



Management Agency & Music Ltd., 24/25 New Bond Street, London, W1Y 9HD.

Subsidiary Companies:
MAM Inn Play Ltd., The Old Brewery, Theale, Reading, Berks, RG7 5AH. (0734 302620).
Kenmar Leisure Ltd., Hookstone Park, Hookstone Chase, Harrogate, North Yorkshire, HG2 7BY. (0423 887124).
Rhein Automaten Ltd., Oxford Circus House, 245 Oxford Street, London, W1R 1LE. (01-734 5672).

STOCK EXCHANGE REPORT

Gilt-edged come on offer and end with falls to £1¼
Speculative shares prominent but index sheds 3.3 to 470.9

Account Dealing Dates

Option

First Declared Last Account

Dealings Dealings Day

Jan. 31 Jan. 12 Jan. 24

Jan. 16 Jan. 26 Jan. 27 Feb. 7

Jan. 30 Feb. 9 Feb. 10 Feb. 21

New time dealings may take place

from 9.30 a.m. two business days earlier

Offerings of British Funds

found buyers extremely reluctant

in a market still showing

some concern about the

appointing December trade

returns and continuing nervousness

ahead of tomorrow's announce-

ment of money supply figures.

The Government Securities

index, down 0.74 at 76.74, had its

biggest single-day fall for

over seven weeks, reflecting

spread falls to 11 in long-dated

stocks and to 3 in near-dated

issues.

The flow of new bid announce-

ments, three more were made

yesterday, maintained interest in

the more speculative equity

counters, but investment interest in

leading shares remained at a

low level. In the event, the FT 30-share

index made a relatively good

showing in view of the weakness

of gilt-edged in closing with a

loss of only 0.3 at 470.9.

Price changes in the major

issues were usually small and the

overall tone was reflected in a

near two-to-one majority of falls

over rises in FT-quoted indus-

trial. The widespread nature of

the dullness was seen in the FT

Actuaries equity share indices,

not one of the 46 group and sub-

sections showing a noticeable

advance. The All-share index shed

0.77, about 81 per cent of its

1977-78 peak recorded last Octo-

ber. Unsettled recently by the

Price Commission's investigation

of Allied's proposed price in-

creases, Breweries yesterday

softened further following the

Bass Chairwright's chairman's

repeated reference to pressures

on profit margins, while Food

Retailers were again vulnerable

to selling.

Yesterday's official

markings amounted to 6.14

compared with Monday's 6.47

and the week-ago 7.130.

Gilt deteriorate

This week's actual and potential

economic indicators were too

much for the market in British

Funds. An early marking down,

often by 3 or so at the longer

end, failed to deter those with

stock to offer and, in difficult

trading conditions which reflected

the continued absence of any

sizeable investment funds, the

tone progressively deteriorated.

Relief was not forthcoming in the

after-hours' business and the

lones as a result finished at the

day's lowest with falls to 11 points.

Intermittent rallies occurred

among the shorts but they, too,

sustained losses extending to 1

at the although quotations here were

slightly above the worst after the

official close. Corporations were

caught up in the easiness and

suffered falls ranging to 1: the

recently-issued Kensington and

Chelsea 111 per cent, 1985-87

reacted that much to £141, in £10

paid form. Southern Rhodesian

bonds attracted selective

profit-taking and the 21 per cent

1965-70 gave up 4 points to 485.

In contrast, the 6 per cent

1979-81 hardened slightly to 292.

Institutional and other demand

again found a short supply of

investment currency, although

trading was brisk and two-way on

occasions, with the result that a

premium rose to 73 per cent

before softening later to close a

net 21 points up at 72 per cent.

Yesterday's 56 conversion factor

was 0.7880 (0.7933).

ANZ up again

Still reflecting the proposed

scrip issue and dividend forecast,

ANZ moved up 7 more to 232

among Overseas Banks which

were also firmer in line with

investment currency influences.

Hong Kong and Shanghai added 7

at 233p and Deutsche Bank picked

up 21 points to 295. Home Bank

however, drifted lower in thin

trading. Barclays and Midland

both lost 2 at 335p and 335p

respectively.

Business in Insurances

contracted more and prices eased

with the general trend. Sedgwick

Forbes fell 7 to 333p and Sun

Alliance 6 to 374p.

Davenport returned to the spot-

light in Breweries and rose 9

79p on bid rumours. Last yester-

day a company spokesman denied

any bid approach. Allied

Breweries closed marginally

higher at 831p following news of

the management reorganisation,

but Bass Chairwright fell 5 to

145p on the profits warning at the

annual meeting.

Buildings generally gave ground

in thin trading. Taylor Woodrow

shed 6 to 320p, H. and R. Johnson-

Richards fell 9 to 329p and

James Latham dipped 5 to 120p.

As did Newarthill to 165p, John

Mowlem lost 4 at 129p and Magnet

and Southern 2 at 188p; the

latter ahead of today's interim

results. Still reflecting the first-

half profits setback, Howard

Shuttering slipped a penny more

to 25p for a two-day fall of 7.

Little of interest occurred in

Chemicals. ICI closed a penny

dearer at 335p and James Hal-

stead was 21 better at 17p.

Fisons ended a few pence harder

at 378p; late details of the Price

Commission's report on the

Company's agrochemical division

made no impact on sentiment.

Trident Television A softened a

penny to 54n, despite the sharply

higher profits.

H. Wigfall jump

The bid from Comet Radiovision

prompted a sharp rise in Henry

Wigfall, which closed 82 up at the

day's best of 245p; Comet ended

9 cheaper at 103p, after 102p

valuing the offer at just over

241p. Leading Electricals were

inclined easier again and Thorn

reacted another 4 to 330p, while

GEC shed 3 more to 259p.

Adverse Press mention left Decca

13 down at 470p and the A 8 lower

at 450p. United Scientific also

encountered selling and slipped

9 to 276p.

Leading Stores closed steady at

the lower levels. Comment on

the annual report and accounts

left Burton A 4 off at 114p, while

House of Fraser eased 3 to 131p

as did British Home, to 207p.

Marks and Spencer, 180p, and

Mothercare, 176p, cheapened 2

apiece. Elsewhere, Court

(Furnishers) A shed 3 to 99p on

the disappointing first-half figures

and the Board's bearish remarks

concerning second-half prospects.

Lee Cooper gave up 1 to 110p in

a thin market and Martin the

Newsagent ended 6 lower at 228p.

In front of today's interim

results, Allied Retailers lost the

turn at 178p.

Apart from Hawker Siddeley,

down 8 at 138p, on scattered offer-

ings, and Tubes, 4 cheaper at 378p,

the Engineering majors barely

stirred from overnight levels.

Occasional selling was evident in

secondary issues among which

APV were noteworthy for a fall

of 9 to 215p in a restricted market.

Braithwaite, a firm market of late,

came back 5 to 145p and Derwent

fell 4 to 152p, while losses of 3

were sustained by Capter Neill,

65p, Percy Lane 62p, and Young

Austin and Young, 60p. Still

reflecting adverse Press comment,

Spear and Jackson eased 2 more

to 118p. Of the few bright spots,

Wolsley-Hughes put on 4 more

to 186p, while demand in a market

none too well supplied with stock

left West Bromwich Spring 3

higher at 27p. Alcan Aluminium

(U.K.) 9 per cent. Convertible

continued to reflect the increased

profits, dividend forecast and con-

version details, rising 5 more to

£144 for a two-day gain of 28.

Among Shipbuilders, favourable

Press mention left Vosper 6 higher

at 180p.

J. B. Eastwood remained on

offer in Foods and fell 4 to 25p

for a two-day loss of 11 on the

interim statement. British Sugar

eased 10 more to 465p, while GEC

Basset, 149p, and Associated

Dairies, 239p, gave up 4 and 3

respectively. Fitch Lovell eased

2 to 37p as did J. Sainsbury, to

178p. Bluebird Confectionery, on

the other hand, improved 9 to a

two-day peak of 182p, a two-

day gain of 15. Still reflecting

a satisfactory deal from the EEC

on revised proposals for sharing

the year's fishing catch, Asco

eased 10 more to 109p, and

Kelsey Industries shed 5 to 109p

and Hanson Trust declined 7 to

140p. Talbot, a recent specu-

lative favourite, eased 2 to 19p

following news of its agreed offer

for James Warren, currently

suspended.

Motor Distributors closed with

widespread gains following a

reasonable business stimulated by

the disappearance of Inchepe for

Pride and Clange, unchanged at

513p. Adams and Gibson figured

prominently at 59p, up 6, while

Godfrey Davis, 53p, and Alex-

anders, 181p, put on 2 and 3

respectively. Applayard moved up

7 to 85p, while rises of 11 were

seen in H. and J. Quick, 39p, and

Jessups, 53p. British Car Ander-

son, 181p, put on 2 and 3

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OPTIONS		
3-month Call Rates		
Industrials		
A. Brews	10 1/4	25
A. G. Cement	10 1/2	25
B.R.R.	11	25
Chgo. & N. W.	11 1/2	25
Carvings Bank	12	25
Ceecham	13	25
Chgo. & N. W.	15	25
Dawson	15 1/2	25
Sowers	16	25
S.A.T.	16 1/2	25
St. Louis	17	25
St. Louis	17 1/2	25
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